



Daily Report

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CONTENTS

31 August 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Rong Yiren Meets Thai, Kyrgyz Delegations [XINHUA]	1
Wu Xueqian Meets ROK, Croatian Visitors [XINHUA]	1
UNTAC Chairman Visits Chinese Engineer Corps [XINHUA]	1
Official Voices Support for 'Subregional' Ties [XINHUA]	2
Official Calls for Greater Efforts To Avoid War [XINHUA]	2
Ni Zhifu Meets Foreign Trade Union Counterparts [Beijing International]	2
Russian Prime Minister Begins U.S. Visit [XINHUA]	2

United States & Canada

U.S. 'Stirring Up Trouble' in PRC Relations [Hong Kong WEN WEI PO 31 Aug]	3
Sanctions Cause 'Worries' for U.S. Businesses [XINHUA]	4
Vice Chairman Wang Bingqian Meets U.S. Visitors [XINHUA]	5
China Southern Airlines To Buy 21 Boeing Planes [XINHUA]	5
Changes in U.S. Asia-Pacific Policy Discussed [RENMIN RIBAO OVERSEAS EDITION 30 Aug]	5

Central Eurasia

Russian Admiral Meets PLA Official in Beijing [ZHONGGUO XINWEN SHE]	6
Qian Qichen Meets With Kyrgyz Foreign Minister [XINHUA]	6

Northeast Asia

ROK-PRC Trade Symposium Opens in Shandong 27 Aug [Jinan Radio]	7
ROK Investment Park Opened [XINHUA]	7
Article Views ROK-PRC Ties on 1st Anniversary [Hong Kong TA KUNG PAO 26 Aug]	7
BEIJING RIBAO Group Ends Ulaanbaatar Visit [XINHUA]	8

Southeast Asia & Pacific

'Sources': SRV President To Visit PRC in Nov [Tokyo KYODO]	9
'Positive Results' Seen in SRV Border Talks [Beijing International]	9
Office in Cambodia Upgraded to Embassy 30 Aug [Beijing Radio]	9
Further on Visit by Thai Prime Minister Chuan	9
Defense Ministers Meet in Beijing [Bangkok XIN ZHONG YUAN RIBAO 28 Aug]	9
Chuan Visits Shenzhen, Haikou [XINHUA]	10
Report Views Chuan's Visit [XINHUA]	10
Prasong Confident in PRC Stability [Bangkok BANGKOK POST 31 Aug]	11
Comparison of Qian Qichen Talks With Thai Minister	11

Near East & South Asia

'News Analysis' Discusses Israeli-PLO 'Contact' [XINHUA]	11
Jordanian Chief of General Staff Meets PLA Group [XINHUA]	12

Sub-Saharan Africa

Cameroon's Supreme Court President Visits Beijing	12
Meets Counterpart Ren Jianxin [XINHUA]	12
Talks With NPC's Qiao Shi [XINHUA]	12
CPC Delegation Visits Tanzania, Leaves for Home [XINHUA]	13

NATIONAL AFFAIRS

Political & Social

Article Discusses Deng's Birthday Celebration [Hong Kong CHENG MING 1 Sep]	14
Li Peng Presides Over Eighth State Council Meeting [XINHUA]	14
State Council Okays Anticorruption Plan; Zhu Presides [XINHUA]	14
Jiang Urges Deepened Reform, Macroregulation [XINHUA]	15
Reportage on NPC Standing Committee Session	16
Zhu Rongji Delivers Report [XINHUA]	16
Views Finances, Macroeconomic Control [XINHUA]	16
Addresses Economic Issues [XINHUA]	17
Finance Minister Notes Spending Cuts [XINHUA]	18
Time 'To Rectify' Finances, Taxes [XINHUA]	19
Legal, Economic Programs Considered [XINHUA]	19
Chen Jinhua on Economic Work Targets [XINHUA]	19
Says Control Measures Bringing Results [XINHUA]	20
Wei Jianxing Remarks on Anticorruption Struggle Noted [ZHONGGUO XINWEN SHE]	20
Anticorruption Struggle To Focus on 'Leading Cadres' [ZHONGGUO XINWEN SHE]	21
Article Views Measures Taken Against Crime [Hong Kong KUANG CHIAO CHING 16 Aug]	22
End to Practice of 'Interceding for Others' Urged [RENMIN RIBAO 24 Aug]	25
Press, Publications Official On Professional Ethics [Beijing Radio]	25
Education Minister Criticizes 'Aristocrat Schools' [BAOKAN WENZHAI 23 Aug]	26
Li Lanqing Addresses Educational Reform, Development [RENMIN RIBAO 21 Aug]	26
Jiang, Li Peng Send Messages on CCTV Anniversary [XINHUA]	29
'Pen Talk' on Deng Theory: Grasping With 2 Hands [RENMIN RIBAO 9 Aug]	29

Military

Liu Huaqing Addresses Discipline Inspection Work [XINHUA]	33
Military Leaders Attend Opening of PLA Academy [XINHUA]	34
PLA Publishes Books on Deng Xiaoping Theory [JIEFANGJUN BAO 21 Aug]	34

Economic & Agricultural

Zhu Said Facing Opposition in Restraining Economy [Hong Kong HSIN PAO 27 Aug]	35
Statistics Bureau Spokesman on Macrocontrol Measures [GUANGMING RIBAO 18 Aug]	37
Factors Constraining Macroregulation Examined [Hong Kong WEN WEI PO 24 Aug]	38
Article on Developing Nonstate-Run Economy [JINGJI RIBAO 19 Aug]	39
Statistics Show Slowdown in Industrial Output [CHINA DAILY (BUSINESS WEEKLY) 29 Aug-4 Sep]	40
CHINA DAILY Comments on Product Quality Law [31 Aug]	41
Nationwide Survey of Service Trades Initiated [XINHUA]	42
CAAC Plans \$5 Billion Investment in Airports by 2000 [CHINA DAILY 31 Aug]	42
State Planning To Build Tarim Basin Oil Pipeline [CHINA DAILY (BUSINESS WEEKLY) 29 Aug-4 Sep]	43
Li Lanqing at Opening of Class for Grain Officials [Jinan Radio]	43
Rural Fixed Capital Investment Increases [RENMIN RIBAO 19 Aug]	44

REGIONAL AFFAIRS

East Region

Shanghai's Bonded Zone Attracts 'Strong' Investment [XINHUA]	45
Article Views Shanghai's Foreign Trade Problems [JIEFANG RIBAO 11 Aug]	45

Central-South Region

Fifteen Criminals Executed in Guangzhou [Guangzhou Radio]	47
Guangxi Secretary Addresses Antismuggling Meeting [Nanning Radio]	48
Guangxi Public Security Situation Reported [Nanning Radio]	49
Hainan Leaders View Jiang's Anticorruption Address [Haikou Radio]	49
Ruan Chongwu Speaks at Hainan Antismuggling Meeting [Haikou Radio]	50
Hubei Secretary Addresses Trade Union Congress [Wuhan Radio]	50
Hunan Officials Urge Improved Finance, Taxation [Changsha Radio]	51
Hunan Sees Major Increase in Foreign Investment [Changsha Radio]	52

Southwest Region

Highway Plays 'Important' Role in Tibetan Economy [XINHUA]	52
Tibet Shrine to 10th Panchen Lama To Be Unveiled [XINHUA]	52
Body of Panchen Lama Enshrined in Stupa [XINHUA]	52

PRC MEDIA ON TAIWAN AFFAIRS

ARATS, SEF Hold Working-Level Talks in Beijing [XINHUA]	54
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TAIWAN

Officials React to Beijing White Paper on Taiwan [CNA]	55
CPC To Hold Taiwan Affairs Work Conference [Hong Kong LIEN HO PAO 27 Aug]	55
'Sources': Deng's Son Hopes To Visit Taiwan [Tokyo KYODO]	56
Minister Seeks Austrian Apology for Police Incident [CNA]	56
Austrian Police Apologize to Tourists [CNA]	56
Austria To Invite Tourists Back [CNA]	57
Economics Minister Chiang Meets Frankfurt Mayor [CNA]	57
New Zealand To End Taipei Trade Privileges in 1994 [CNA]	57
Businesses To Make Efforts Into Japanese Market [CNA]	57
Balance of Payments Registers 2d Quarter Deficit [CNA]	58

HONG KONG & MACAO

Hong Kong

Hong Kong XINHUA Chief Views Sino-UK Talks [Hong Kong WEN WEI PO 31 Aug]	59
Bao Xin 'Letter' Criticizes Civil Servant Policy Change [Hong Kong LIAOWANG OVERSEAS EDITION 23 Aug]	59

General

Rong Yiren Meets Thai, Kyrgyz Delegations

OW3108074193 Beijing XINHUA in English 0723
GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—Chinese Vice President Rong Yiren met the visiting Thai Senate delegation and Kyrgyzstan Foreign Minister Ednan Karabayev, respectively, here this morning.

In his meeting with Thai law-makers headed by Asa Meksawan, first deputy speaker of the Thai senate, Rong noted that leaders of China and Thailand, which have long maintained friendly ties, have constantly exchanged visits, like relatives.

"This has, no doubt, played a significant role in strengthening the friendly relations between the two countries and the two peoples," he added.

Briefing the visitors on China's domestic situation, Rong said that the present economic macro-control in the country is aimed at improving the economic structure and ensuring a faster and sustained economic development.

"In this respect, China can draw on Thailand's experience," he said.

During the meeting, Rong asked Meksawan to convey to the King of Thailand the best regards and wishes from Chinese President Jiang Zemin and himself.

Meksawan said most of the members of his delegation have been here before and that they were pleased to come again and see with their own eyes the great changes that have taken place in China.

While meeting with the Kyrgyzstan foreign minister, Rong said China and Kyrgyzstan are close neighbors and there were many advantages for the two countries to develop all-round ties, especially ties in the economic and trade field.

The visit to China by President Askar Akayev last year uplifted Sino-Kyrgyzstan links to a new stage, he said.

"It is our hope that China and Kyrgyzstan will continue to enhance contacts at various levels and in different fields so as to exchange experience and inject new vigor into the development of these ties," Rong said.

In response, Karabayev said that there have been geographic, historic, economic and other ties between the two countries. He added that after Kyrgyzstan's independence, bilateral political, economic and trade relations saw rapid development.

He voiced the hope that the two sides would augment mutually beneficial cooperation in economic, trade and other fields.

During the meeting, Karabayev also briefed Rong on his country's domestic situation.

Karabayev and his party are scheduled to leave here this afternoon for Urumqi, capital of the Xinjiang Uygur Autonomous Region.

Wu Xueqian Meets ROK, Croatian Visitors

OW3008124793 Beijing XINHUA in English 1150
GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—Wu Xueqian, vice-chairman of the national committee of the Chinese People's Political Consultative Conference (CPPCC), met here this afternoon with a delegation from the Sejong Institute of the Republic of Korea (ROK), which is headed by former Prime Minister Dr. Chung Won-shik.

Wu and Chung had a friendly conversation on Sino-ROK relations and other issues of mutual interest.

The delegation also includes such high-ranking former government officials as former Deputy Prime Minister Dr. Choi Ho-chung and former Deputy Foreign Minister Dr. Chung Il-yung. They are here on a visit as guests of the China Institute of Contemporary International Relations.

Also this afternoon, Vice-Chairman Wu met with Eduard Calic, a Croatian scholar known for his research on the Second World War.

UNTAC Chairman Visits Chinese Engineer Corps

OW3008055893 Beijing XINHUA Domestic Service in Chinese 1116 GMT 27 Aug 93

[By correspondent Yan Ming (2518 2494)]

[Text] Phnom Penh, 27 Aug (XINHUA)—Yasushi Akashi, chairman of the UN Transitional Authority in Cambodia [UNTAC], went to the headquarters of China's engineer corps in Phnom Penh today to call on officers and men of the engineer corps who will leave Cambodia for home soon.

Yasushi Akashi warmly praised Chinese engineer corps' close cooperation with the UNTAC and their contributions to Cambodia's peace, stability, and reconstruction.

Yasushi Akashi said: "You left your families and your beautiful motherland for Cambodia, and worked hard under difficult conditions and in a dangerous environment. On behalf of the United Nations and the UNTAC, I wish to express profound thanks for your achievements and contributions during the peacekeeping operation in Cambodia."

Yasushi Akashi said: "Your actions and achievements have won honor for your motherland and made contributions to the present and future of Cambodia, as well as Asia."

Fu Xuezhong, China's permanent representative to the Supreme National Council of Cambodia, praised the Chinese engineer corps for having surmounted various difficulties and splendidly accomplished the missions assigned by the UNTAC. He urged the engineer corps to sum up experiences, add to their achievements, and score even greater successes after they return home.

Official Voices Support for 'Subregional' Ties*OW3008092893 Beijing XINHUA in English 0631 GMT 30 Aug 93*

[Text] Manila, August 30 (XINHUA)—China supports the initiative taken by the Asian Development Bank (ADB) to promote the subregional economic cooperation, a senior Chinese official said here today.

Speaking at the opening session of the ADB's second conference on subregional economic cooperation, Li Ruogu, head of the Chinese delegation, said the conference will "certainly help strengthen cooperation and economic development of this region as a whole."

The subregion includes six countries, namely Cambodia, China, Laos, Myanmar [Burma], Thailand and Vietnam.

He noted that the subregional economic cooperation sponsored by the ADB is in line with China's policy of reform and opening to the outside world.

He said that the subregional economic cooperation may cover many fields: transportation, energy, trade, tourism and environment protection.

However, he indicated that the initial approach to this regional cooperation should start with projects that are most operationally feasible.

He said that China believes that projects in the road and railway sub-sectors are of this nature and, therefore, they should be given high priority.

Official Calls for Greater Efforts To Avoid War*OW3008222593 Beijing XINHUA in English 1611 GMT 30 Aug 93*

[Text] Geneva, August 30 (XINHUA)—China urged the international community today to make more efforts to maintain peace and eliminate the causes that could result in armed conflicts.

Addressing the International Conference for Protection of War Victims in Geneva, Chinese Vice-Minister of Health Gu Yingqi said: "The promotion of respect for international humanitarian law serves only to reduce the negative effects caused by wars.

"The fundamental solution to the protection of war victims lies in the avoidance of the outbreak or occurrence of wars or armed conflicts," he stressed.

The conference, sponsored by the Swiss Government and attended by delegates from 159 countries, aims to restore protection to war victims through the unconditional implementation of the four Geneva Conventions of 1949 and other humanitarian norms.

"The international community must make greater endeavors to eradicate wars, to eliminate the root causes which might result in wars or armed conflicts as well as to maintain peace," Gu said.

Meanwhile, he emphasized that humanitarianism and neutrality remain the cardinal principles of international humanitarian law.

"Efforts should be made to avoid getting any political issues involved and confusing international humanitarian law with matters of any other nature," he explained.

"Use of force and violation of international humanitarian law are quite out of tune with contemporary mankind's civilizations," Gu said.

The Chinese Government has always undertaken the obligations for peaceful settlement of international disputes and non-use of force under the U.N. Charter and the obligations for protection of war victims, he said.

The Chinese representative noted that China is "duty-bound" to resolutely curb and redress any actions which are not in line with international humanitarian law and violate the rights of war victims.

"The existence of violations of rights of war victims in today's world is not due to the fact that laws are imperfect. Rather, it is because of disregard or insufficient respect for laws," he said.

He indicated that the Chinese Government was in favor of urging all nations to accede to the relevant international humanitarian law treaties.

Moreover, he urged all nations to make efforts in improving the coordination of humanitarian emergency relief in order to guarantee the relevant agencies to provide necessary assistance and protection for all war victims.

Ni Zhifu Meets Foreign Trade Union Counterparts*OW3008110193 Beijing China Radio International in Russian 1900 GMT 20 Aug 93*

[Text] The work of Chinese trade unions must correspond with the development of the socialist market economy, said Ni Zhifu, vice chairman of the NPC Standing Committee and president of the All-China Federation of Trade Unions, during a meeting with representatives of trade unions from Russia, Mongolia, Kyrgyzstan, Turkmenistan, Uzbekistan, Kazakhstan, Tajikistan, and a CIS trade union delegation, who have arrived in Beijing to take part in measures on the market economy and the work of trade unions.

Talking about contacts between Chinese trade unions and the outside world, Ni Zhifu noted that China attaches great significance to the development of relations of friendship and cooperation with the trade union organizations of all countries, particularly those of neighboring countries. He expressed hope for broader contacts and exchanges of experience between trade union organizations in China and other countries of the world and for the development of exchanges and cooperation in economic and technical fields.

Russian Prime Minister Begins U.S. Visit*OW2908234893 Beijing XINHUA in English 2320 GMT 29 Aug 93*

[Text] Washington, August 29 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin arrived in Houston

this afternoon, beginning his three-day tour of the United States, a UPI report reaching here said today.

The Russian prime minister, a former refinery worker and a natural gas specialist, is to meet Monday with business leaders in Houston and discuss future joint ventures with a U.S. gas production company.

Chernomyrdin, Russia's former energy minister, will also come to Washington for meetings with U.S. Vice President Al Gore, the report said.

United States & Canada

U.S. 'Stirring Up Trouble' in PRC Relations

HK3108102493 Hong Kong WEN WEI PO in Chinese
31 Aug 93 p 11

["Special article" by Xu Simin (1776 0934 3046), member of the Standing Committee of the Chinese People's Political Consultative Conference National Committee: "What Is the Purpose of the United States in Stirring Up Trouble?"]

[Text] The United States has stirred up much trouble recently, the purpose of which is to deal with China. Let us keep aside previous issues for the time being. A recent issue is the case of the "Yinhe." A U.S. naval vessel has been so flagrant as to inspect this Chinese commercial ship. On which provision of international law is this based? Which provision of international law has authorized the United States to do so? If a country can search another country's commercial ship by maritime hegemonism, there will be great disorder under heaven. Another recent issue is China's sale of short-range missiles to Pakistan. China and Pakistan time and again have explained this problem to the United States, clarifying that the relevant sale does not violate arms limitation agreements. The United States, however, has outrageously announced economic sanctions against China and Pakistan, without presenting any reliable evidence or proposing consultations.

On arms sales, please do not forget that the United States is the world's number-one arms-exporting country. In regions and countries around the world where there are wars, there are U.S. weapons, and these weapons are used to frenziedly slaughter innocent people every day. What restrictions have been imposed on the United States? Now even the United Nations is suspected of being manipulated by the United States. On many occasions, the United States has usurped the UN name in trampling on others' sovereignty. Sometimes, however, it also does what it likes by keeping the United Nations on the side.

On Chinese-U.S. bilateral relations, the United States recognizes the People's Republic of China as the sole legitimate government of China, but in selling F-16 fighter planes to Taiwan it violated the relevant Chinese-U.S. agreement. Concerning Beijing's bid for the year 2000 Olympic Games, some Americans have brutally interfered in the affairs of the International Olympic Committee in opposing China's bid for the Olympic Games under the

pretext of human rights and arms sales, despite the fact that Olympic Games have always had neither political tendency nor racial discrimination. The Han Dongfang case is one of the pretexts the United States is using to obstruct China from sponsoring the Olympic Games, but long before the Han Dongfang case, some U.S. congressmen already had openly clamored that they wanted to hamper Beijing from sponsoring the Olympic Games.

It Is Not That Han Dongfang Cannot Return Home

Analyzing the origin and development of the entire Han Dongfang case, we know that the root cause is in the United States; some Americans made plans and arrangements. With this clear idea, we naturally can dispel our misgivings on the case. In the final analysis, Han Dongfang is a pawn in the U.S. strategic disposition toward China. From the remarks of a Chinese Public Security Ministry spokesman, we understand that Han Dongfang applied for a passport because he wanted to have medical treatment abroad, but some Americans soon supported him in returning to Beijing. What is Han Dongfang's purpose in returning to Beijing? As he himself said, he wanted to conduct a workers' movement and was ready to link it to international forces. This proves that Han Dongfang's real purpose is to use international forces to interfere in China's affairs; he is not returning to Beijing to live and work in peace (his wife and daughter already have been allowed to stay in the United States now). Therefore Han Dongfang is not a refugee, who cannot return to his country or home. When he was shedding tears in front of the XINHUA NEWS AGENCY, he was being backed by international forces in cherishing an ambition to return to Beijing to form a "free" trade union. Since he has U.S. support and cherishes such an ambition, why did he shed tears so easily? Was he not making a show for others to see?

On freedom of exit and entry, the Han Dongfang case and Hong Kong people's freedom of exit and entry after 1997 are two fundamentally different matters. Some people have ulterior political motives in purposely relating the Han Dongfang case to the exit and entry of the citizens of the future Special Administrative Region. As a matter of fact, many Hong Kong political dissidents, including columnists who write anticommunist articles, are allowed to go in and out of China freely, some of them are even doing business on the mainland. If Han Dongfang is a law-abiding Chinese civilian who does not harm national security, he will have the opportunity to return to China. Some people say that China's human rights law will come true only under foreign pressure, so they spare no effort in using foreign forces to interfere in China's affairs. This idea is completely wrong. Since time immemorial, there has been no such example as making China strong and its people prosperous by means of foreign forces. Even in the present-day world, countries and regions where foreign forces have been introduced for intervention generally are full of disasters and their peoples have no means of livelihood. Particularly in countries and regions where there is U.S. intervention, most of the people do not live a happy life. There was U.S. political and military involvement in the Vietnam war; there is also U.S. involvement in

the protracted war between the Arab nations and Israel. What are the results? This involvement has caused floods of refugees and genocidal killings of vengeance, just as foreign military involvement on the Balkan peninsula has made the war all the more complex.

The United States Intentionally Wants To Obstruct China's Development

Therefore do not have an illusion of improving China's legal system by imposing U.S. pressure or pressure from other Western countries. On the contrary, we can see that China, guided by Deng Xiaoping's idea on reform and opening up, has made quite tremendous progress in the last 14 years and has scored noteworthy achievements in the fields of politics, the economy, and people's livelihood. Just imagine! What country has given us tremendous amounts of aid in the last 14 years? Not one. It was the former Soviet Union that received more than \$10 billion. Suppose China were put under foreign interference and turned into a Soviet Union or an East European country, how would the world benefit from this, after all? Some hostile foreign forces are imposing sanctions against China under all kinds of pretexts at a time when it is making achievements and becoming stronger. This can be regarded only as intentionally obstructing China's progress and development.

Truly speaking, China is still a developing country. All situations of poverty, backwardness, and law being imperfect in this country are related to the 100-odd-year foreign aggression, plunder, blockade, sanctions, support for lackeys and compradors, and the use of traitors and renegades to rule China.

Now China is carrying out peaceful construction. It does not constitute a threat to any country. The United States, however, has insisted on sanctioning China and has created all kinds of pretexts in the short period of one month. It even has unreasonably obstructed Beijing's Olympic Games bid.

If the United States really wishes China to continue its opening up and progress, it should not oppose Beijing's Olympic Games bid because sponsoring the Olympic Games will promote China's reform and opening up.

If we say that the 1990 Asian Games enabled Beijing to make a great stride forward, sponsoring the 2000 Olympic Games will bring about further progress for Beijing.

The United States Should Be Held Completely Responsible

China now is an important peacekeeping force in the international arena. On bilateral relations with the United States, China generally can consider its counterpart's interests reasonably, and taking the preservation of world peace into account, can offer cooperation. The United States, however, adopts a hostile policy toward China, keeps stirring up trouble, and intends to topple China. This will seriously harm the two countries' cooperative relations and friendship. The United States will be held completely responsible for all the consequences arising therefrom.

Sanctions Cause 'Worries' for U.S. Businesses

OW2808025093 Beijing XINHUA in English 0235 GMT 28 Aug 93

[Text] Washington, August 27 (XINHUA)—The imposition of economic sanctions Wednesday [25 August] by the U.S. Government against China has stirred worries that business dealings between the two countries may be interrupted or even derailed by Washington's various quarrels with Beijing, according to press reports here.

The sanction decision was taken on the false ground that China had engaged in M-11 missile-related transfer to Pakistan. But China has rejected the accusations and said that the U.S. move is putting bilateral relations in serious jeopardy.

A WALL STREET JOURNAL report said that Don Anderson, president of the U.S.-China Business Council, called the U.S. decision "unfortunate" and expressed worries that competitors in other nations may rush to fill in the void created by the U.S. sanctions.

The report said that the U.S. aerospace industry, which views China as a crucial customer, is worried about the potential impact of the sanctions and their fallout. Industry officials are especially worried that Beijing will retaliate by not making purchases from them.

If that happens, "we'll have fired a few Americans to show that we're indignant," said Joel Johnson, a vice president of the Aerospace Industries Association.

Rockwell International Corp., which has developed China into the company's "most important single-country market for general aviation and avionics outside the U.S.," now fears that the Chinese might take retaliatory measures by refusing to buy any more aircraft from American customers.

"It would affect us drastically," said David Shepherd, the company's vice president, and the French company Sextant Avionique, supplier of avionics to Airbus industry, "could very quickly supplant us" in China.

Other high-tech concerns are worried as well. Edward Schmidt, president and chief executive officer of Alpha Solarco Inc., which derives 75 percent of its total sales from exports to China, has grave concerns about retaliations likely to be triggered by the sanctions. He said, "the problem is, what happens when the Chinese reciprocate?"

Hughes Aircraft Co. recently launched a major reorganization of international divisions, mainly to accelerate its China expansion. The General Motors Corp unit is hurriedly examining the impact on its efforts to sell satellites and related services.

"Obviously, Hughes has a great deal of commercial expectation in China and the U.S. Government actions are of concern to us," said Gareth C.C. Chang, a corporate senior vice president.

LOS ANGELES TIMES described Hughes and its subsidiaries as among the first likely to suffer from the sanctions since they have over the past two years built a business of

several hundred million dollars selling communication satellites to China and launching them into space on Chinese rockets and this satellite trade was precisely the focus of the two-year sanctions.

"This is not going to help our business," Michael K. Sun, the Beijing-based vice president of Hughes Network Systems, was quoted as complaining when he learned the news of sanctions.

"I have a big contract that I could lose because of this... sometimes you have to ask the question why you as an American company get hit more than anyone else," he said.

"If U.S. policy continues to act like a yo-yo," Sun said, "it just gives another excuse for those who do not want to buy from us."

Another American attracted to China by the booming business climate, told THE LOS ANGELES TIMES reporter in Beijing that "what I regret most is non-commercial issues spilling over and affecting our commercial environment."

Vice Chairman Wang Bingqian Meets U.S. Visitors

OW3108093193 Beijing XINHUA in English 0804
GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—Wang Bingqian, vice-chairman of the Standing Committee of China's National People's Congress (NPC) met here today with a U.S. delegation headed by Thomas J. McGuire, executive vice-president of the Moody's Investor's Service Co. of the United States.

Wang briefed the visitors on the situations of China's economic development and its reform and opening to the outside world.

The delegation arrived here Monday [31 August] at the invitation of the State Planning Commission.

China Southern Airlines To Buy 21 Boeing Planes

OW2808144993 Beijing XINHUA in English 1439
GMT 28 Aug 93

[Text] Shanghai, August 28 (XINHUA)—China Southern Airlines (Group) plans to buy 21 Boeing passenger aircraft in the next two years, according to official sources.

The new carriers to be bought this year will include two Boeing 767-300s, four Boeing-757s and five Boeing-737s. The other 10 planes will be bought next year. The airlines will also buy another six planes of the latest Boeing-777s in 1995, according to the sources.

China Southern Airlines is one of the leading civil aviation companies in the country. It was also among the first state enterprise groups to be turned into a joint-stock firm.

Currently, the group owns 46 Boeing passenger planes and 97 carriers of other kinds.

The group, with a total of 8,000 passenger seats, operates over 150 domestic and international routes to over 60 Chinese and foreign cities.

Changes in U.S. Asia-Pacific Policy Discussed

HK3108090893 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 30 Aug 93 p 6

["Special article" by Tang Wen (0781 2429): "New Changes in U.S. Asia-Pacific Policy"]

[Text] Recently the international media, including the U.S. media, has been discussing the greater importance the United States has attached to the Asia-Pacific region. What new changes are taking place in the U.S. Asia-Pacific policy? In discussing this issue, the first thing people talk about is President Clinton's concept of establishing a "new Pacific community" which he put forward in Tokyo on 7 July.

Clinton said: "Now it is high time the United States and Japan, along with other countries in this region, created together a new Pacific community." Soon afterward, Secretary of State Warren Christopher explained that the new Pacific community the United States wanted to establish has three pillars, namely: Further liberalizing the economy and expanding trade, continuously maintaining a U.S. military presence in Asia, and supporting democracy and human rights movements in this region. In the view of the U.S. media, there are the specific contents and manifestations of the new U.S. Asia-Pacific policy.

The new U.S. Asia-Pacific policy places economy and trade in the first place. According to the U.S. NEWS & WORLD REPORT, the 1992 U.S. trade volume in the Asia-Pacific region was \$345 billion, accounting for one-third of its total foreign trade volume, or twice the U.S. trade volume with the European Community. This region has provided the United States with the most rapidly developing market for its export products, and 2.6 million employment opportunities. Consequently, the United States is more active than ever before in joining the activities of the Asia-Pacific Economic Cooperation [APEC] forum, and specifically put forward the idea of holding an unofficial APEC summit meeting in the United States in November this year so as to further enjoy the development opportunities in the Asia-Pacific market and boost U.S. economic growth. Winston Lord, U.S. assistant secretary of state for East Asia and Pacific affairs, said: "As far as the United States is concerned, no other area in the world is more important than the East Asia and Pacific region."

The security issue occupies an important position in the new U.S. Asia-Pacific policy. U.S. Secretary of State Christopher holds that the United States will continue to assume its security commitments to the Asia-Pacific region and will continue to station troops in the region in order to safeguard the interests of the United States and its partners. Assistant Secretary of State Lord said: The basis of U.S. security policy is still the U.S. alliance and forward deployment. As the U.S. media sees it, this means that Washington will deploy a military force in

such forward regions as the ROK, Japan, and Hawaii, so as to maintain a so-called military balance in this region. Meanwhile, the United States has called for multilateral security dialogues and the establishment of a collective security mechanism in the Asia-Pacific region. The KYODO NEWS AGENCY said the purpose of the United States in doing this is to reduce its economic burdens and maintain its initiative in Asia-Pacific affairs, which is an act of killing two birds with one stone.

The Asia-Pacific region is a focus of the so-called "democracy" and "human rights" diplomacy pursued by the United States. This is an outstanding feature of the new U.S. Asia-Pacific policy. It is reported that soon after Clinton put forward his concept on the "new Pacific community," U.S. Secretary of State Christopher flew to Singapore to attend the ASEAN foreign ministers conference, as well as the meeting between ASEAN and its dialogue countries, at which he peddled the Western values of "democracy" and "human rights" to the Asian countries attending the meetings. This aroused the wariness and discontent of ASEAN countries. The communique of the 26th ASEAN foreign ministers conference stressed that human rights are composed of mutually and closely related rights—such as civil, political, economic, social, and cultural rights—and that the right to development is one that cannot be deprived. It is opposed to taking human rights as a condition for conducting economic cooperation and providing development aid. Some far-sighted public figures in the United States hold that in pursuing U.S. values in the Asia-Pacific region, the United States may add new destabilizing factors to the situation in this region, bring about new frictions in its relations with many countries in the region, and thus fundamentally damage U.S. interests there.

Central Eurasia

Russian Admiral Meets PLA Official in Beijing

HK3008141493 Beijing ZHONGGUO XINWEN SHE in Chinese 1317 GMT 24 Aug 93

[By correspondent Li Wei (2621 0251): "Lieutenant General Cao Gangchuan, PLA's Deputy Chief of General Staff, Meets First Deputy Commander of Visiting Russian Pacific Fleet"]

[Text] Beijing, 24 Aug (ZHONGGUO XINWEN SHE)—Lieutenant General Cao Gangchuan, deputy chief of general staff of the People's Liberation Army (PLA), met Admiral Khmelnov, Russian Pacific fleet first deputy commander, who led the fleet to China for a visit, and his party in Beijing this evening.

Cao Gangchuan said: 37 years ago, naval vessels from the former Soviet Union visited Shanghai, and now the Russian Pacific fleet has sent naval vessels to visit Qingdao. This shows that China, Russia, and their armies are making unremitting efforts to improve their friendly relations. The traditional friendship between the two countries and their armies has continued to improve.

Cao added: China's Army is working hard to become a modern and regular revolutionary army and is upholding the principle of paying attention to quality in army building. This primarily finds expression in its effort to update weapons and equipment and intensify technical training for the servicemen. In this regard, China and Russia have a great deal of useful work to perform. "There are broad prospects for the friendly cooperation between the two armies."

Cao Gangchuan hoped that Russian naval vessels would come visit China again. Smiling, he said: The next visit should not be 37 years from now. It is too long a time.

Khmelnov, who, with another 29 Russian military officers, visited the Imperial Palace and the Great Wall—including the Bada Mountain—today, told Lieutenant Cao Gangchuan that China's long cultural tradition and its achievements "made a deep impression on them" and "inspired many thoughts and feelings in them."

After the meeting, Lieutenant Cao Gangchuan entertained the guests with a meal of roast Beijing duck.

It is reported that Hemeilnof and his party will leave Beijing for Qingdao tomorrow and that PLA navy commander Zhang Lianzhong will also go to Qinghai to visit the three Russian naval vessels.

Qian Qichen Meets With Kyrgyz Foreign Minister

OW3008161193 Beijing XINHUA in English 1415 GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen, and visiting Foreign Minister of Kyrgyzstan Ednan Karabaev expressed their opposition to national splittism "in all forms" here today.

Qian said that China had taken note of the fact that recently Kyrgyz leaders have expressed their opposition to splittism and to any activities detrimental to China on the former's territory. "China appreciates this," Qian said.

Karabaev, who arrived here Saturday [28 August] with his entourage, said that Kyrgyzstan and China hold common views on opposing splittism. And he said his country also condemns splittism in all forms and is opposed to religious fanaticism.

On bilateral relations, the two foreign ministers expressed satisfaction over the progress made in every area since the two countries established diplomatic ties.

Qian said that China attaches great importance to developing good-neighborly and friendly ties with Kyrgyzstan, and is willing to further promote cooperation in all aspects with its neighbor, economic and trade ties in particular.

Karabaev said that to develop relations with China is a very important part of Kyrgyz foreign policy, adding that the bilateral ties have ushered in a new phase.

He also expressed the hope that the two countries would deepen and broaden cooperation in economy and trade.

The two foreign ministers signed a consulate treaty after the talks.

Qian hosted a dinner this evening in honor of the Kyrgyz visitors, who are on a four-day China visit at the invitation of Qian.

Earlier today, the Kyrgyz guests conferred with officials of the Chinese Ministry of Foreign Trade and Economic Cooperation on expansion of bilateral economic and trade ties.

Northeast Asia

ROK-PRC Trade Symposium Opens in Shandong 27 Aug

SK2808094993 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Aug 93

[Text] The 1993 China-ROK International Economic and Technological Cooperation and Trade Symposium ceremoniously opened at Yantai Gymnasium at 1730 on 27 August.

Hong Xuezhi, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]; and Zhao Zhihao, deputy secretary of the Shandong Provincial CPC Committee and governor of the provincial government, attended the opening ceremony and also cut ribbons for the opening of the symposium. Wang Yuyan, vice chairman of the provincial CPPCC committee and president of the provincial association for promoting trade, made an opening speech. Nearly 10,000 Chinese and foreign traveling traders attended the symposium. They include more than 500 traveling traders from the ROK; more than 100 traveling traders from the United States, Japan, Singapore, Hong Kong, and Taiwan; and responsible comrades from 15 departments and committees at home and 18 provinces and municipalities.

This is the first large-scale international economic and trade activity that has ever been held since the establishment of the diplomatic relations between China and the ROK. The symposium was cosponsored by the Chinese Urban Economic and Technological Development Research Society, the Yantai city people's government, the Shenzhen city economic development bureau, and the Korean Trade Association with the vigorous support by the development and research center under the State Council, the Shandong Provincial People's Government, the Central People's Broadcasting Station, and the Chinese Embassy in the ROK.

At the symposium, talks on economic and technological exchange and trade cooperation, flow of funds, information service, and the dealing of large-sized carpets will be held. This will produce a great impact on developing the economy and trade of both China and the ROK and especially accelerating the opening of Shandong Province and the economic rims around Huang Hai and Bo Hai to the outside world.

ROK Investment Park Opened

OW3008134993 Beijing XINHUA in English 1255
GMT 30 Aug 93

[Text] Yantai, August 30 (XINHUA)—Work on an industrial park aimed at attracting investments from the Republic of Korea (ROK) opened recently in Yantai, a seaside city in east China's Shandong Province.

More than 30 enterprises and commercial firms from ROK are considering investing there.

The investment park, which has a planned area of 4.5 sq km, is located in the Fushan District of Yantai and borders on the Yantai Economic and Technological Development Zone.

A group of business people from well-known ROK corporations who inspected the site, including the Daewoo Company, considered it an ideal place for investment, according to local officials.

The investment park will stress the development of electronics, biological projects, fine chemical industry, pharmaceutical industry, food and new technologies and materials, according to Liu Wanchun, head of the Fushan District.

The Yantai government has mapped out preferential policies to attract foreign investment there.

In addition, a village comprising tourism, catering, shopping and entertainment facilities will be built on the seashore north of the investment park for dwellings.

A construction company has been established jointly by the investment park and ROK businessmen and has started overall basic construction, according to Liu Wanchun.

Article Views ROK-PRC Ties on 1st Anniversary

HK3008145593 Hong Kong TA KUNG PAO in Chinese
26 Aug 93 p 2

["Political Talk" column by Shih Chun-yi (2457 0689 3768): "Beginning Discussion With the First Anniversary of the Establishment of Sino-ROK Diplomatic Relations"]

[Text] This Year Bilateral Trade Is Expected To Top the \$10 Billion Mark

The first anniversary of the establishment of diplomatic relations between China and the ROK was 24 August. In the past year, economic relations between the two countries have been strengthened. The volume of trade between the two countries this year (1993) is expected to amount to \$10 billion or more.

Facts have proved that the economic exchanges between China and the ROK are beneficial to both countries and their nationals. China's independent and peaceful foreign policy, and its line of reform and opening up to the outside world are in both its own interests and those of the Asian region, as well. The changes in the coastal areas, including Shandong, and the ROK enterprise investment and the numerous Sino-ROK joint-venture projects in these areas, are enough to show the close economic relations between

the two countries. As the economies of the two countries develop, the scope for exchange and cooperation between the two countries will expand. Last year the volume of trade between the two countries surpassed \$8.2 billion. By the end of June this year, trade between the two countries in the first half of the year had hit a new record of \$4.2 billion, an increase of 45 percent over the same period last year. Experts predicted that 1993 trade between China and the ROK for the entire year is expected to reach a range between \$10 and \$12 billion. China has become the ROK's third-largest trading partner, next to the United States and Japan.

China and the ROK Have Decided To Open Four Additional Sea Transportation Lines

On the other hand, ROK enterprises invested more than \$200 million in China last year; thus their total investment amounted to \$660 million or so. The main bodies of investment are medium-sized and small ROK enterprises, which are engaged primarily in light and textile industries. What merits attention is that large ROK financial groups have shifted the focus of their investment in China to the automobile, machine-building, and electronics industries. A senior executive of a large financial group in Seoul said: "This trend has become unstoppable." (quoted from a news account from Seoul on 24 August by YOMIURI SHIMBUN)

As economic and trade exchanges between China and the ROK—which are separated only by a sea—are becoming more frequent, on 24 August, that is, the occasion of the first anniversary of the establishment of diplomatic relations between the two countries, China and the ROK reached an agreement and decided to open four sea transportation lines within the year (if the event develops as rapidly as expected). Specifically, these are four freight-car ferry lines, including the lines between Pusan and Shanghai, between Inchon and Dalian, and between Inchon and Qingdao.

A few days ago, Pusan Mayor Chong Mun-hwa visited Shanghai and declared that Pusan and Shanghai were sister cities. ROK capital undoubtedly will develop in Shanghai. As everyone knows, in recent years the ROK economy has been in a quite a depressed state. According to a report released by the ROK Central Bank, the actual economic growth rate in the second quarter (April-June) of this year was 4.2 percent higher than the same period last year and 3.4 percent higher than in the first quarter (January-March). A slight economic growth was registered. Overall, economic growth remains at a low level. Sluggishness in growth and stagnation in equipment investment are two factors perplexing the ROK.

Under these circumstances, the economic and trade exchanges between China and the ROK this year have encouraged the latter. The Chinese market, which has huge potential, should not be neglected.

Seoul Awaits Jiang Zemin's Visit

While establishing diplomatic relations and developing economic exchanges, Beijing and Pyongyang maintain a

good relationship. On 23 August, when meeting outgoing Chinese Ambassador Zheng Yishi, whose term of office had expired, President Kim Il-song said that he was satisfied with the mutual visits of important Chinese and DPRK officials in the past few years. Last month, China sent to the DPRK a large delegation led by Hu Jintao (member of the Standing Committee of the Political Bureau), on the occasion of the 40th Anniversary of the Korean Armistice. This shows that the establishment of diplomatic relations between China and the ROK has not disturbed Sino-DPRK relations.

As far as the exchange of important officials between China and the ROK is concerned, in September last year ROK President No Tae-u paid an official visit to China. Vice Premier Qian Qichen, concurrently foreign minister, and Tian Jiyun, vice chairman of the Standing Committee of the National People's Congress, visited the ROK in May and June this year, respectively. For its part, the ROK eagerly hopes that State President Jiang Zemin will visit the country.

That such achievements were scored in a matter of just one year after the relations between China and the ROK experienced a process from long-drawn out hostility and fridity to normalization shows that those that develop economic and trade relations with China will benefit therefrom, as does China, otherwise, both parties will suffer. Yesterday, the United States announced economic sanctions against China. We will see the United States also will suffer.

BELJING RIBAO Group Ends Ulaanbaatar Visit

OW3008022793 Beijing XINHUA Domestic Service in Chinese 0801 GMT 28 Aug 93

[Text] Ulaanbaatar, 27 Aug (XINHUA)—After concluding a seven-day goodwill visit to Mongolian capital Ulaanbaatar, a BEIJING RIBAO delegation led by Deputy Editor in Chief Shao Yukui [6730 3022 1145] left here today for home.

The delegation arrived here on 20 August for a visit at the invitation of Mongolia's ULAANBAATAR MEDEE Vice Mayor (Binba Jasnsang) of Ulaanbaatar City met the delegation during its visit. Guests and host were pleased with the contacts and cooperation conducted between the city governments of the capitals of the countries and between the two newspapers, and expressed that both sides should make joint efforts to promote cooperation and exchanges between the press circles on this basis to maintain and develop the friendship between the peoples of the two countries.

During its visit, the BEIJING RIBAO delegation held a discussion meeting with its ULAANBAATAR MEDEE counterpart, and was arranged by the host to visit scenic spots and historical sites in Mongolia and to be guests at the houses of herdsmen.

Southeast Asia & Pacific

'Sources': SRV President To Visit PRC in Nov

OW3108044293 Tokyo KYODO in English 0400 GMT 31 Aug 93

[Text] Beijing, Aug. 31 KYODO—Vietnam's President Le Duc Ahn is set to visit China some time in November, sources in Beijing said Monday [as received], a day after high-level Sino-Vietnamese border talks ended with both sides agreeing on several key points.

A Vietnamese source in Beijing said the visit will come after Foreign Ministry-level negotiators agreed to a set of principles aimed at ending a bitter territorial dispute stemming from the 1979 Sino-Vietnamese war.

The visit, which has not been officially announced, will be the first visit by a Vietnamese president to China since diplomatic relations were reestablished in 1991.

The Chinese made several concessions in the seven-day border talks by agreeing to include a wide range of matters, including the question of the Nansha (Spratly) Islands, in discussions that had been limited to the delineation of the oil-rich Tonkin (Beibu) Gulf and the border between the countries, the source said.

The Chinese side also proposed a give-and-take method of dividing up the disputed territory, while refusing to allow the question of the Xisha (Paracel) Islands into the discussions, the source said.

Both sides agreed to maintain the present situation and ruled out any kind of unilateral military activities in the disputed areas, he said.

The Xisha Islands for the most part remain under Chinese control, the source said.

The Nansha Islands, believed to contain vast mineral and petroleum resources, are also claimed by Taiwan, Malaysia, Indonesia and Brunei.

In order for the economies of China's southern provinces of Guangxi, Hainan and Yunnan to continue to develop, a peaceful atmosphere must be maintained among the border states of Southeast Asia, the source asserted.

It was in China's best interests to resolve the Sino-Vietnamese territorial disputes peacefully, he said.

When diplomatic relation between the two countries were renewed in November 1991, the leaders on both sides agreed to exchange annual visits, the source said.

At that time, Chinese Premier Li Peng made a visit to Hanoi, while last year Communist Party General Secretary Do Muoi and Premier Vo Van Kiet came to China.

'Positive Results' Seen in SRV Border Talks

BK3108100793 Beijing China Radio International in Vietnamese 1100 GMT 30 Aug 93

[Text] In compliance with an agreement reached between Chinese and Vietnamese leaders, a Chinese Government delegation led by Deputy Foreign Minister Tang Jiaxuan

and a Vietnamese Government delegation led by Deputy Foreign Minister Vu Khoan held their first round of talks in Beijing from 24-29 August 1993 on the territorial border between the two countries. The talks produced positive results.

This round of talks were designed to discuss the principles with which to solve the issue of the overland borderline between the two countries and the problem of delineating the Tonkin Gulf territorial seas. An exchange of views on the Nanshas (also known by the Vietnamese side as Spratly Islands) also occurred. The talks took place in a sincere and frank atmosphere of mutual respect and mutual understanding.

The two sides held that the Sino-Vietnamese talks at the governmental level was of great significance in view of the eventful world situation and of the fact that normalization of relations between the two countries has been achieved.

The two sides realized the need to strive persistently and satisfactorily to solve the outstanding territorial problem between the two countries through negotiations for the benefit of Sino-Vietnamese friendship and the interests of the two peoples. This will contribute to further consolidating and developing the neighborly and reconciliatory relations of cooperation and friendship between the two countries.

The minutes of the talks were signed by the heads of the Chinese and Vietnamese delegations on 29 August.

The two sides reached a general understanding and consensus about the fundamental principles for solving the territorial border issue between the two countries. They also discussed the need for the heads of the two countries' delegations to sign an agreement on these principles at an early date.

Office in Cambodia Upgraded to Embassy 30 Aug

OW3008200993 Beijing Central People's Radio Network in Mandarin 1700 GMT 30 Aug 93

[From the "International News" program]

[Text] The Office of China's Representative to the Cambodian Supreme National Council [SNC] has announced: Effective 30 August, the Office of the PRC Representative to the Cambodian SNC has been upgraded to the PRC Embassy in Cambodia.

Further on Visit by Thai Prime Minister Chuan

Defense Ministers Meet in Beijing

BK3108103393 Bangkok XIN ZHONG YUAN RIBAO in Chinese 28 Aug 93 p 93

[By correspondent He Yun from Beijing]

[Text] Thai Defense Minister General Wichit Sukmak held talks with Chinese Defense Minister Chi Haotian in Beijing on 27 August. He told correspondents after the meeting that the talks were successful. In particular, China will give friendship prices for Chinese weapons purchased by Thailand. Regarding whether or not Thailand will

barter agricultural products for Chinese weapons, he said that this issue has to be considered by the cabinet.

General Wichit has high confidence in the efficiency of Chinese weapons. He said that the Thai Navy had bought Chinese missiles. A firing test shows that the missile's capability is good and matches Thailand's request. The Thai side has also bought 130-mm artillery guns from China, which are also of good quality.

Chuan Visits Shenzhen, Haikou

OW3108134893 Beijing XINHUA in English 1307 GMT 31 Aug 93

[Text] Shenzhen, August 31 (XINHUA)—Visiting Thai Prime Minister Chuan Likphai left here at noon by special plane for Haikou, capital of south China's Hainan Province, accompanied by Chinese Government Reception Committee Chairman and Minister of Communications Huang Zhendong.

Chuan arrived here August 30 by special plane after a visit to Shanghai.

While meeting with Li Youwei, Mayor of Shenzhen, Chuan said that Shenzhen and Thailand witness a new tendency for mutual investment.

He added that furthering bilateral economic and trade cooperation is beneficial to the economic development of both countries and the promotion of Sino-Thai friendly relations.

Thai investment first came to Shenzhen at the beginning of the city's construction. By the end of this July there were 27 joint ventures between the city and Thailand, with a total Thai investment of 122 million U.S. dollars in the electronics, building materials, garments, animal husbandry, tourism and real estate sectors.

Most of Thai-invested ventures in the city report good operations.

Meanwhile, Shenzhen has seven projects in Thailand.

Chuan said he thought highly of such economic and trade cooperation, and that he hoped that such cooperation and exchanges could be further expanded and strengthened.

At the request of the visitors, a meeting was held to introduce the city's economic development, plans for the future and investment opportunities.

This morning Chuan and his party visited the city's industrial products exhibition hall, a golf club built with Thai investment and the Shenzhen securities exchange.

Report Views Chuan's Visit

OW3008223193 Beijing XINHUA in English 0515 GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—After visits to Beijing, Dalian and Shanghai, Thai Prime Minister Chuan Likphai, who came to China to explore ways to improve Sino-Thai trade cooperation, is continuing his tour with visits to Shenzhen, Haikou and Kunming.

What is notable about Chuan's visit is the size of his entourage—over 200 people, including two deputy prime ministers, a dozen senior government officials and more than 120 economists, entrepreneurs and businessmen. This attests to the neighboring country's keenness to promote Sino-Thai cooperation.

During talks, leaders of both countries agreed that Sino-Thai relations are developing well and there are bright prospects for bilateral trade cooperation. Both sides also expressed the hope of adding vigor to this trend through joint efforts.

Three documents have been signed between the two governments so far during the visit, and more than a dozen contracts and agreements were signed at a business meeting held for several hundreds of businessmen of both countries, with a total contracted volume of over one billion U.S. dollars.

These concrete results mark a good beginning for further accelerating Sino-Thai economic and trade cooperation, according to observers.

Ever since China and Thailand established diplomatic relations in 1975, and especially since China adopted its open policy 14 years ago and the two countries signed a trade agreement in 1978, bilateral trade has witnessed a rapid development.

According to statistics, Sino-Thai trade increased from 21 million U.S. dollars-worth at the beginning of their diplomatic relations to over 1.3 billion U.S. dollars-worth by the end of last year.

The composition of bilateral trade has changed from agricultural products in the primary stage to industrial and high-tech products at present. Bilateral cooperation in science, technology, finance and industry is also expanding.

Meanwhile, bilateral investment has reached over one billion U.S. dollars, and contracted investment three billion U.S. dollars; Thailand has become China's eighth-largest investment partner.

Thai Prime Minister Chuan told the Sino-Thai business meeting that Thailand is ready to carry out further economic cooperation with China at any time.

He noted that China and Thailand are able to explore new ways for bilateral trade and investment cooperation. Thailand welcomes Chinese investment, and Thai businessmen are eager to invest in China.

During talks between the two prime ministers, Chinese Premier Li Peng said he appreciated Chuan's encouragement of Thai investment in China, stating that China also supports investment by its own entrepreneurs in Thailand.

An official from China's Ministry of Foreign Trade and Economic Cooperation said that China and Thailand are striving to readjust each other's export composition and seek products suitable for their respective domestic markets.

She added that the two countries are to cooperate in regional and sub-regional development, and development of markets in other countries.

According to sources, the two prime ministers also discussed in principle cooperation in the development of the "economic quadrangle" between Thailand, China, Laos and Myanmar [Burma].

Both the Chinese and Thai Governments support this cooperation, hoping to promote development in the whole Asian-Pacific region through bilateral cooperation in communications, aviation and energy in the area.

The China Council for the Promotion of International Trade (CCPIT) enjoys good relations with Thai industrial and commercial organizations and corporations such as the Thai Board of Investment and Thailand Chinese Chamber of Commerce.

Zheng Hongye, chairman of the CCPIT, told the Sino-Thai business meeting that his organization is ready to contribute to the common prosperity of both countries along with economic bodies in Thailand.

Meanwhile, Zheng and his Thai counterpart, Srivit Wanglee, signed an agreement on cooperation between nongovernmental economic and trade organizations of the two countries.

Srivit Wanglee, chairman of the Trade Council of Thailand, told XINHUA that nongovernmental economic organizations of the two countries have been enjoying good relations of cooperation, which are expected to make further progress.

He said that there are no obstacles to Sino-Thai economic and trade cooperation, and that the two countries will engage in more comprehensive cooperation in the fields of investment and technology.

Prasong Confident in PRC Stability

BK3108015193 Bangkok BANGKOK POST in English
31 Aug 93 p 6

[Text] Shenzhen—Foreign Minister Prasong Sunsiri yesterday expressed confidence over the economic and political stability of China in the post-Deng Xiaoping era.

Squadron Leader Prasong made the statement yesterday after Thai businessmen travelling with Prime Minister Chuan Likphai on an official visit to China expressed concern over the stability of China should anything happen to paramount leader Deng Xiaoping.

"I told them that China has learnt many lessons. I don't think it (the question of the next leadership) will cause dramatic changes in China or losses in business enterprises," he said.

The three leaders of China, Prime Minister Li Peng, Chairman of the People's Committee Qiao Shi, and President Jiang Zemin would play a significant role in the administration of the country in the post-Deng era.

The foreign minister said China has improved its regulations and structure to create a market mechanism and

facilitate foreign investment in their country, "but this certainly will take some time."

Comparison of Qian Qichen Talks With Thai Minister

OW2708020293

Beijing XINHUA Domestic Service in Chinese at 1317 GMT on 26 August carries a report on talks between the Chinese and Thai foreign ministers in Beijing the same day.

The XINHUA Domestic version has been compared to the XINHUA English version published in the 26 August China DAILY REPORT, page 15, revealing the following variations:

Column one, paragraph three, only sentence reads: ...Foreign Minister Prasong at the Diaoyutai State Guesthouse this afternoon. [new graf]

They exchanged opinions.... (replacing "here" with "the Diaoyutai State Guesthouse")

Same column, paragraph five, only sentence reads: ...the talks between prime ministers of China and Thailand this morning had.... (deleting names)

Same column, paragraph ten, only sentence reads: ...be stabilized gradually with some efforts made over a period of time. [new graf]

Prasong said that.... (adding phrase)

Near East & South Asia

'News Analysis' Discusses Israeli-PLO 'Contact'

OW3008100393 Beijing XINHUA in English 0935
GMT 30 Aug 93

['News analysis' by Li Hongqi]

[Text] Jerusalem, August 30 (XINHUA)—Official contact between Israel and the Palestine Liberation Organization (PLO) is no longer a secret, though it came short of a formal mutual recognition at this moment.

Israeli Cabinet ministers are to meet here today to discuss details of an interim self-rule agreement reached last week by Foreign Minister Shim'on Peres and senior Palestinian officials in Norway.

The agreement stipulates an early start of Palestinian self-rule in the Gaza Strip and the West Bank city of Jericho before spreading to other territory occupied by Israel. The two sides share the view that the arrangement itself and the contact made with the approval of Prime Minister Yitzhak Rabin are all significant.

Israel's right-wing opposition parties turn furious, but the overwhelming majority of the Cabinet ministers were pleased to see the development. A formal cabinet approval of the plan would probably be followed by exchange of recognition between Israel and the Tunis-based PLO.

When the Labor-led coalition came to power in July 1992, the PLO expressed its readiness to open direct talks with

Israel. But the offer was rejected by the Jewish state, which considered the PLO as a "terrorist group" and insisted on only talking to Palestinian representatives from the occupied West Bank and Gaza.

Even after the local press shed light on a secret meeting between Israeli Environment Minister Yosi Sarid and a senior PLO official in Cairo recently, Rabin asked his people to "forget it" and foresaw no dramatic policy change toward the PLO.

As the Israeli shift becomes visible, people ask what is the driving force behind the change. The answer is simple: the reality.

The failure to achieve progress in the previous 10 rounds of bilateral Arab-Israeli peace talks made it clear to the Israelis that only the PLO can make important decisions.

When the Palestinian opposition to the peace talks gained momentum, it was the PLO which insisted on the continuation of the process. And more recently, when the negotiations were deadlocked over the issue of Jerusalem and jurisdiction of self-rule, it was PLO Chairman Yasser Arafat who initiated the "Gaza-Jericho first" option.

It became impossible to continue to deny the decisive role of the PLO in the peace talks when the Palestinian leadership incorporated the key members of the Palestinian peace negotiating team into a decision-making body earlier this month.

It is of vital importance for Rabin to push ahead the deadlocked peace talks since he wants to remain in office in the next nationwide elections in 1996. It was of no less significance for the PLO mainstream, which has been locked in a fight against internal rifts, growing extremism, financial woes and possibly isolation in the Arab world.

This helped Israel and the PLO reduce their suspicion of each other's sincerity for peace. Both sides now hope that the "Gaza-Jericho first" plan would enable them to get over the current impasse in the peace talks.

Some differences remain to be resolved. Palestinian officials see the option as something in the form of independent entity, which will eventually be expanded to include all the Israeli-occupied lands. The Israelis describe the plan as five years of Palestinian self-rule and remain opposed to the establishment of an independent Palestinian state.

The Palestinian delegation is now in Washington with "full authority" to negotiate the plan, while Israeli officials said that Peres may fly to the American capital to sign the agreement if the Cabinet gives the go-ahead later today.

The thaw in the Israeli-PLO relations may also prompt the United States to resume its dialogue with the PLO. Better U.S.-PLO ties might convince the oil-rich Gulf Arab countries to continue to bankroll the debt-ridden Palestinian organization.

Jordanian Chief of General Staff Meets PLA Group

OW3008022993 Beijing XINHUA Domestic Service in Chinese 0151 GMT 29 Aug 93

[By correspondent Kang Changxing (1660 7022 5281)]

[Text] Amman, 28 Aug (XINHUA)—Lieutenant General 'Abd-al-Hafiz Mar'i al-Ka'abinah, chief of General Staff of the Jordanian armed forces, met with visiting Deputy Director Wang Tailan of the Logistics Department of the Chinese People's Liberation Army [PLA] and a delegation he headed here today. The two sides had a warm and cordial conversation on the friendly relations between the armed forces of the two countries.

At the meeting, the Jordanian chief of general staff spoke highly of the PLA's achievements in defense building in recent years, as well as lauded the fine relations between the two countries and their armed forces.

Chinese ambassador to Jordan Wang Shijie was present at the meeting.

The PLA delegation arrived in Amman on 26 August.

Sub-Saharan Africa

Cameroon's Supreme Court President Visits Beijing

Meets Counterpart Ren Jianxin

OW2808143993 Beijing XINHUA in English 1340 GMT 28 Aug 93

[Text] Beijing, August 28 (XINHUA)—Ren Jianxin, president of the Supreme People's Court of China, met with his Cameroon counterpart Alexis Dipanda Mouelle and his party here this evening.

The two sides exchanged views on the enhancing of contacts and cooperation between the two institutions.

Dipanda and his party are here on a goodwill visit as guests of the Supreme People's Court.

Talks With NPC's Qiao Shi

OW3008093393 Beijing XINHUA in English 0738 GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—Chairman Qiao Shi of the National People's Congress [NPC] Standing Committee said that China is willing to have more exchanges with the other Third World countries and share their experience in law-making and other endeavours.

Qiao made the remarks during a meeting with Alexis Dipanda Mouelle, president of the Supreme Court of Cameroon, who arrived here on Saturday [28 August].

Qiao said that China and Cameroon share the common task of safeguarding state independence and developing national economy and they should expand exchanges in all areas and share each other's experiences.

He expressed the conviction that Dipanda's China tour would enhance the cooperation between the Supreme Courts of the two countries.

Dipanda noted that Cameroon and China have very friendly relations. He said that he had useful discussions with his Chinese counterpart and expressed the hope that the judicial organs of the two countries would have long-term cooperation.

Present at the meeting was Ren Jianxin, president of the Chinese Supreme Court.

CPC Delegation Visits Tanzania, Leaves for Home

OW3108014093 Beijing XINHUA in English 2211 GMT 30 Aug 93

[By Pei Shanqin]

[Text] Dar es Salaam, August 30 (XINHUA)—A Chinese Communist Party (CPC) delegation led by Chen Guanwen left here for home this evening after concluding a nine-day good-will visit to Tanzania.

Before their departure, Chen Guanwen who is deputy secretary of the CPC Beijing Municipal Committee, described the visit to the east African country as very successful.

Chen and his five-member entourage arrived here for the visit at the invitation of the ruling Revolutionary Party (CCM) of Tanzania on August 22.

The visit, Chen said, would not only strengthen the relations between the two parties and the two governments but also promote the mutual understanding and friendship between the two peoples.

CCM Vice-Chairman Salmin Amour, who is also Zanzibar president and Tanzania's second vice-president, met with the delegation in Zanzibar on Thursday.

He said the relations between China and Tanzania have been very good for more than 30 years in the past, adding bilateral cooperation, particularly in the economic field, should be pushed forward.

During their visit, Chen and his entourage held talks with Kolimba, CCM general secretary, Kingunge Ngombale-Mwiru, CCM secretary of ideology and mass mobilization and other senior CCM officials, on further enhancing friendly cooperation between the two parties and the two countries.

They also called on C.G. Kahama, director general of the investment promotion center of Tanzania. Kahama briefed the Chinese guests on the investment environment in Tanzania.

Tanzania is the third and last leg of the delegation's three-nation tour in Africa. Earlier, it visited Mauritius and Uganda.

Political & Social**Article Discusses Deng's Birthday Celebration**

HK3108151993 Hong Kong CHENG MING in Chinese No 191, 1 Sep 93 p 11

[Article by Kuan Yu-yung (7070 0056 3144): "How Deng Xiaoping Celebrated His Birthday"]

[Text] "Deng Xiaoping is dead."

The truth is he is not dead.

"Deng Xiaoping is so sick that he has been committed to the hospital."

The truth is he is not seriously ill [mei you zhong bing 3093 2589 6850 4016].

"Deng Xiaoping did not go to Beidaihe."

It is true that he did not swim at Beidaihe. But high levels in Beijing have revealed that it was true that Deng Xiaoping had rested there.

"Comrade Deng Xiaoping walked one and a half hours every morning and evening throughout the summer," said Jiang Zemin on the afternoon of 18 August at a situation-update meeting with nonparty personnel at Huairentang in Zhongnanhai.

It has been learned that Deng went to Beidaihe in June.

On the evening of 19 August, the special train carrying Deng Xiaoping back from Beidaihe pulled in at Beijing's northern station. Wen Jiabao and Zhang Zhen had gone to Beidaihe to accompany Deng on the return trip.

On the evening of 22 August, Deng Xiaoping celebrated his 89th birthday at his newly renovated house with his family and staff members of the Deng Xiaoping Office.

Reports from the CPC Central Committee General Office say that cadres from the CPC Central Committee General Office and the CPC Central Military Commission General Office sent Deng flowers for his birthday. On the morning of the 22d, Jiang Zemin went on behalf of the Central Committee and the Central Military Commission to Deng's residence to celebrate his 89th birthday. Wan Li, Bo Yibo, Gu Mu, Li Desheng, Yang Dezhi, Zhang Aiping, and other people also went to Deng's residence for the birthday celebration.

In another report from the CPC Central Committee General Office, the CPC Central Committee Administrative Bureau appropriated 350,000 yuan to renovate dozens of CPC senior statesmen's residences, and the PLA General Logistics Headquarters No. 7 Engineering Corps was responsible for both the interior and exterior renovations. During the renovation period, Deng Xiaoping rested in Beidaihe, where he met with central and local leaders.

During his stay in Beidaihe, Deng Xiaoping strictly abided by the Political Bureau's decision and abstained from bathing in the sea—for the first time in many years (see the August edition of CHENG MING for an account of the Political Bureau's decision).

Li Peng Presides Over Eighth State Council Meeting

OW3108113893 Beijing XINHUA Domestic Service in Chinese 0953 GMT 31 Aug 93

[Text] Beijing, 31 August (XINHUA)—On the morning of 30 and 31 August, the State Council held its eighth regular meeting to discuss the general program for reform of the banking, financial, and taxation systems; reform of the state asset managerial system; and foreign trade reform. Premier Li Peng presided over the meeting and spoke.

During the discussion the participants held that these reform programs were formulated after opinions were solicited and revisions were made after ample discussion. On the whole, the programs conform to the general direction of reform and are of great practical and long-term significance. They will be conducive to strengthening and improving macroeconomic control, strengthening institutionalization, and promoting coordination of various reform measures; to better meet the requirements for developing a socialist market economy; and to promote reform and opening up, and the sustained and healthy development of the national economy.

After careful discussions, the meeting adopted, in principle, the reform programs and decided to submit them to the Central Committee for deliberation after further revisions have been made.

All members of the State Council attended the meeting. Responsible comrades of the relevant departments under the State Council attended the meeting as observers.

State Council Okays Anticorruption Plan; Zhu Presides

OW3108133293 Beijing XINHUA in English 1300 GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—The State Council discussed and approved in principle "the suggestions raised by the State Council on implementation of the anti-corruption struggle to be launched in the near future" at the ninth regular meeting, held here today.

The meeting decided that the suggestions will be implemented after the document is approved by the Communist Party of China (CPC) Central Committee.

Vice-Premier Zhu Rongji was entrusted by Premier Li Peng to preside at the meeting.

The participants agreed that Jiang Zemin's important speech at the second plenary session of the Central Commission for Discipline Inspection of the CPC has penetratingly set forth the great significance of the anti-corruption struggle and clearly put forward the tasks, guiding thought and principles to follow.

Jiang's speech is the general mobilization and general deployment for the whole party and the whole country by the party central committee in the new situation, the meeting said.

The meeting called on all citizens to fully understand the protracted nature, difficulty and pressing urgency of the anti-corruption drive so as to take a firm attitude, do a solid job and consistently make achievements stage by stage.

At the meeting the participants discussed the deployment for the anti-corruption struggle within the state departments and the arrangements for the work in the near future.

The participants also discussed issues including the control over illegal levies, the problems of administrative charges, putting fines under the budgetary administration, separating party and government departments from economic entities they run, and strictly banning party and government officials from travelling abroad at public expense.

Jiang Urges Deepened Reform, Macroeconomic Regulation

OW3108091993 Beijing XINHUA in English 0812
GMT 31 Aug 93

[Text] Dalian, August 31 (XINHUA)—Chinese President Jiang Zemin has stressed the importance of continuing to deepen the reform and enhance macro-economic regulation to ensure a faster and better growth of China's national economy.

Addressing an economic forum held in this port city in Liaoning Province between August 25-27, Jiang said, "initial successes have been achieved in implementing the macro economic regulatory policies and measures taken by the central authorities."

"We must continue to implement these policies and measures and pay attention to new circumstances and new problems that crop up in our economic work," he told the forum attended by leading officials from eight provincial-level areas in north and northeast China.

Jiang, who is also general secretary of the Chinese Communist Party Central Committee, emphasized the need to change the operational system of Chinese businesses, optimize the industrial structure and improve economic efficiency in order to bring about a faster and better economic growth.

According to Jiang, initial successes in tightening macro-economic regulation are evidenced by basically halting unauthorized inter-bank lending; initial control of illegal raising of investment; abolition of the practice of issuing I.O.U. notes to farmers for the purchase of their grain and other farm and sideline products; a rise in bank savings deposits; the stabilization of renminbi against other currencies; a drop in prices of capital goods; and China's economic situation continuing to move towards a better orientation.

While acknowledging these achievements, he said, it is imperative to realize that the implementation of the macro-economic regulatory measures requires much thorough and down-to-earth work.

First of all, it is necessary to unify the understanding of the whole party and society.

He said that in taking the economic regulatory measures, the central authorities chiefly use economic, legal, and necessary administrative means that meet the needs of a market economy to solve a number of prominent contradictions and problems that have cropped up in China's economic activity.

The objective is to deepen the reform, transform the operational system of businesses, optimize the industrial structure and improve economic efficiency, he noted.

"To achieve the objective, we must unify our thinking and actions to make sure that orders and prohibitions of central authorities are carried out to the letter and that various policies and measures taken by central authorities are implemented thoroughly," president Jiang said.

He added that in economic development, it is necessary to seize opportunities while paying attention to stabilization in order to avoid incurring losses, especially major ones.

In expanding China's economy, the leader said, efforts must focus on improving operation and management, promoting technological progress, and enhancing labor productivity and economic efficiency.

Second, it is necessary to pay attention to the study of new circumstances and problems cropping up in the country's economic life.

To this end, it is important to continue to rectify the order of the country's financial system and to tighten financial discipline, he said.

In rectifying the financial order, he went on, "on the one hand, we must resolutely halt unauthorized inter-bank lending and illegal money raising; and on the other hand, we must ensure the timely allocation of indispensable funds in order to guarantee the smooth progress of China's economic construction."

Jiang also said that the over-extended scale of investment in fixed assets must be curtailed. He asked all localities to ensure the construction of top-priority projects.

All possible and feasible measures must be taken to guarantee agricultural production, efficient major state-run businesses and export-oriented companies, and priority construction projects, he told the forum.

President Jiang also urged party committees and governments at all levels to pay close attention to two kinds of work in the course of implementing economic regulatory measures.

One is to strengthen the position of the farming sector as the foundation of the national economy.

He said that it is imperative to earnestly implement all policies and measures formulated by the party central committee and the state council regarding the stabilization and development of agricultural production, ensure the timely allocation of funds for the purchase of farm and sideline products, relieve farmers' financial burdens, protect their initiative, help solve problems in the purchase, marketing, storage and transportation of farm and sideline

products, and improve field management of autumn crops so as to reap a good harvest this year.

The other is to invigorate major state-run enterprises, Jiang said. It is imperative to continue to implement the regulations on the transformation of the operational system of state-owned industrial enterprises, further improve operation and management of businesses, promote technological progress in businesses and turn loss-making companies into profitable ones, launch a campaign to increase production while practising economy, and increase revenues while reducing expenditure, to oppose extravagance and waste, and improve economic efficiency.

Jiang said, "the crucial point to the solution of the contradictions and problems cropping up in China's economic activity is to deepen the reform."

He called for efforts to promptly push forward the reform and accelerate the establishment of a socialist market economy.

At present, it is essential to speed up the reform of the country's financial, investment and taxation systems and gradually institute a sound state macro-economic regulatory system.

The leader also stressed the importance of tightening control over state-owned assets, and solve the problem of the loss of such assets through the reform of the state-owned asset managerial system and the enactment of a law on such assets in order to make sure of preservation and an increase in the value of such assets.

"Enterprise restructuring is a central link in the reform of China's economic structure. We must stress the invigoration of major state-run businesses," he said.

He added that through the reform, the transformation of enterprise operational systems and the introduction of a modern enterprise system, major state-run companies should become entities operating independently, and assuming full responsibility for their profits and losses, being able to restrain and develop themselves, while serving as principal competitors in the market.

He also stressed the need always to grasp two links at the same time in the course of creating a socialist market economy, namely, promoting the reform and opening to the outside world while cracking down on criminal activities, and working for material progress as well as ethical progress.

Vigorously promoting ethical progress and cracking down on corruption are an important part of the effort to grasp two links at the same time, he pointed out.

He called for efforts to carry out the party Central Committee's measures for the anti-corruption drive in a bid to eliminate corruption.

He also called on party members and officials to conscientiously study Deng Xiaoping's theory of building socialism with Chinese characteristics, and enhance their consciousness of following the party's basic line of taking economic construction as the central task in China.

He believed that as long as all party members unify their thinking and actions, unite the broad masses of the people, work hard, follow the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics, and adhere to the party's basic line, China will be able to achieve sustained, rapid and healthy growth of the national economy and push forward the great cause of building socialism with Chinese characteristics.

Reportage on NPC Standing Committee Session

Zhu Rongji Delivers Report

OW3108014193 Beijing XINHUA Domestic Service in Chinese 1619 GMT 30 Aug 93

[By reporters Zhang Yinshu (1728 6892 2562) Sun Benyao (1327 2609 1031)]

[Text] Beijing, 30 Aug (XINHUA)—The Third Meeting of the Eighth National People's Congress [NPC] Standing Committee held its second plenary session at the Great Hall of the People this afternoon.

Chairman Qiao Shi attended the meeting which was chaired by vice chairman Wang Bingqian.

At today's meeting, entrusted by the State Council, Zhu Rongji, vice premier of the State Council and concurrently governor of the People's Bank of China, delivered a report on the current financial situation and policy measures, and Minister of Finance Liu Zhongli made a report on implementation of the state budget during the January-July period.

In his report, Zhu Rongji pointed out: Currently, the economic and financial situation is good on the whole. Acting in accordance with the correct decisions of the CPC Central Committee and the State Council, we have scored initial achievements in rectifying financial order and strengthening macro control.

He said: We absolutely believe that under the leadership of the CPC Central Committee with Comrade Jiang Zemin at the core, the financial situation will turn for the better through accelerating financial reform and strengthening macro control.

Also present at the meeting were Vice Chairmen Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Guangying, Cheng Siyuan, Buhe, Tomur Dawamat, Li Peiyao, and Wu Jieping.

Ren Jianxin, president of the Supreme People's Court, and Zhang Siqing, procurator general of the Supreme People's Procuratorate, attended the meeting as observers.

Views Finances, Macroeconomic Control

OW3108100793 Beijing XINHUA Domestic Service in Chinese 1648 GMT 30 Aug 93

[Text] Beijing, 30 Aug (XINHUA)—At the Third Meeting of the Standing Committee of the Eighth National People's Congress today, Zhu Rongji, vice premier of the State Council and governor of the People's Bank of China, said:

The current economic and financial situation is good on the whole. Initial achievements have been made in the task of improving the financial order and strengthening macroeconomic regulation and control, launched in accordance with the correct decisions of the Party Central Committee and the State Council. These achievements are mainly reflected in the following aspects:

First, illegal inter-bank loans that violate rules and regulations have been checked. As of 15 August, 72.7 billion yuan, or one-third of the total amount of illegal inter-bank loans, have been recovered.

Second, the phenomenon of illegal fund raising in society has been initially brought under control. Meanwhile, banks at various levels have seized favorable opportunities to raise interest rates twice to improve their services and turn around the slump in savings deposits. The amount of increased savings deposits in June and July was 39.6 billion yuan more than that of the corresponding period last year. Following the increase in savings deposits, the sharp increase in the amount of currency issued has been eased since July.

Third, exchange rates between the renminbi and foreign currencies have dropped to a reasonable level and have remained basically stable at an exchange rate of around 8.8 yuan to one U.S. dollar, thus enhancing the confidence of overseas investors.

Fourth, we have concentrated the use of our funds on supporting the major needs of the national economy. Primarily, funds needed for summer crop purchases have been guaranteed, and IOU's have basically not been issued to peasants. Meanwhile, we have invested large amounts of funds in key state projects, in addition to taking steps to gradually meet the needs of circulation funds by large and medium-sized state-owned enterprises for production and exports.

Fifth, the overheated growth of development zones and real estate speculation has subsided somewhat. Through recovering illegal inter-bank loans, once speculatively high real estate prices and capital goods prices in some localities have also dropped somewhat.

Zhu stressed: We should not overestimate the achievements we have already made because the current financial situation is still relatively grim. As the amount of money in circulation is still excessive, it is still very difficult to control the goal of annual currency issuance.

Zhu Rongji said: At present, localities are complaining that funds are still in relatively short supply. This is mainly due to the excessively rapid growth in fixed-asset investment, an over-expansion of capital construction, and inappropriate investment decisions taken since last year. He said: The tension which has existed since the beginning of this year has been relaxed somewhat, but will continue to last for a certain period. He urged financial departments to continue to implement the "three rules" earnestly to rectify the financial order and reinforce financial discipline. The departments should "block all illegal doors and open all legal roads" in accordance with state industrial

policies and credit principles, and should bring into full play the role of the banks as the major channel for raising and distributing funds, as well as guaranteeing the key financial needs of the national economy in order to maintain progressive, sustained, and healthy development of the national economy.

Zhu Rongji pointed out: The fundamental way to solve the contradictions and problems in the current national economy and financial work is to deepen reform and lose no time in pushing financial restructuring. Financial reforms should be carried out in accordance with our country's actual conditions, in line with the general rules of the development of the market economy and by moving gradually closer to international practice.

The main targets of the next step in financial restructuring are to establish a central bank regulatory system that independently implements monetary policy under the State Council's leadership; to establish a financial organizational system that separates financial policy from commercial finance, with the state-owned commercial banks as the main body operating alongside other banking institutions; and to establish a unitary and open, orderly competitive, and strictly controlled financial market system.

The State Council is now drawing up a financial reform plan in line with the above-mentioned goals. Zhu Rongji stressed: We fully believe that, under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, the nationwide financial situation will become increasingly better through accelerated financial reform and strengthened macroeconomic regulation and control.

Addresses Economic Issues

OW 3008174393 Beijing XINHUA in English 1644
GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—Zhu Rongji, vice-premier of the State Council and governor of the People's Bank of China, said here today that China's current economic and financial situation is good on the whole.

Addressing the Third Meeting of the Standing Committee of the Eighth National People's Congress, Zhu said that initial achievements have been made in the drive for improving the financial order and strengthening macro-control, which were launched in line with the correct decisions of the Central Committee of the Communist Party of China and the State Council.

These achievements are shown in the following aspects:

First, illegal inter-bank loans have been brought under control. By August 15 some 72.7 billion yuan in illegal inter-bank loans, or one third of the total, had been recovered.

Second, the phenomenon of illegal collection of funds has been initially brought under control. Meanwhile, banks at various levels have seized favorable opportunities to raise the interest rates twice in a row to improve their services, thus putting an end to a slump in savings.

In June and July this year the amount of the increased savings deposits was 39.6 billion yuan more than in the same period of last year. Since July the sharp increase in the amount of currencies issued has been eased.

Third, the exchange rates between the renminbi (RMB) and foreign currencies have dropped to a reasonable level and remain basically stable. The exchange rate between the U.S. dollar and the RMB remains around 1:8.8, thus enhancing the confidence of overseas investors.

Fourth, funds have been concentrated on meeting the needs of the major projects of the national economy. The funds needed for purchasing summer crops have been guaranteed and large amounts of funds have been invested in major national projects. Besides, efforts are being made to meet the needs of large and medium-sized enterprises for production and circulation funds to make export products.

Fifth, the overheated growth of development zones and real estate speculation have been brought under control. Through recovering illegal inter-bank loans, the once abnormally high prices of real estate and means of production have started to fall.

Zhu pointed out that the achievements that have been made should not be overestimated, and the current financial situation is still relatively grim. As the amount of money in circulation is excessive, it will still be very difficult to reach the year's goal of controlling the issuing of paper money, he added.

Currently, localities have been complaining that the capital is still in relatively short supply, Zhu said. He attributed the tension to the excessively rapid growth in investment in fixed assets, the over-expansion of capital construction and the inappropriate investment directions taken since last year.

The tension which existed at the beginning of this year has been relaxed somewhat, but it will last for a certain period, Zhu said.

He urged the financial departments to continue to faithfully carry out the "three rules" to rectify the financial order and strengthen financial discipline.

The departments should "block all illegal doors and open all legal roads" in accordance with the state policies on industry and loans and credits so as to bring into full play the role of the banks as the major channel for raising and distributing funds and safeguarding the key financial needs of the national economy. In this way the healthy and sustained development of the national economy will be assured, he said.

The fundamental way to solve the current contradictions and problems in the current national economy and financial work is to deepen the reform and to miss no chance to push forward financial restructuring, Zhu noted.

The financial reform should be carried out in accordance with the actual conditions of the country, follow the common rules of developing a market economy and gradually move closer to international practice, he noted.

The main targets of the next step in the financial restructuring are to build up a central bank regulatory system under the leadership of the State Council and carry out the state monetary policy properly; build up a financial organizational system separating financial policy from commercial finance, with the state-owned commercial banks as the main body alongside other banking institutions; and build up a unitary, orderly competitive and strictly controlled financial market system, according to Zhu.

He noted that the State Council is now mapping out a plan for financial reform in line with the above targets.

"We are confident that the financial situation of the whole country will turn for the better under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, and through accelerating the financial reform and strengthening macro-control," Zhu concluded.

Finance Minister Notes Spending Cuts

OW3008135593 Beijing XINHUA in English 1322 GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—Though China's state revenue decreased by 6.8 billion yuan during the first seven months of this year over the same period of last year, treasury spending has been also in decline over the past three months.

In a report to the current session of the Standing Committee of the National People's Congress here today, Finance Minister Liu Zhongli said the gradual decline of the expenditure indicates that the macro-regulatory measures of the central government have produced desirable effects, and a turn for the better can be expected in the serious fund shortages the state treasury faces.

According to Liu, from January to July the state revenue was 214.35 billion yuan, up 5.3 percent as against the same period of last year, fulfilling 50.4 percent of the annual budgetary amount.

The expenditure during that period amounted to 208.23 billion yuan, up 9.2 percent over the same period of last year, fulfilling 46.7 percent of this year's budget.

The state's surplus was 6.12 billion yuan in that period, 6.8 billion yuan less than in the corresponding period of last year.

However, "to our relief, expenditure was reduced to some extent during the last three months," said Liu, though he did not go into detail.

However, the finance minister said, the growth in revenue still lags far behind that of the economy. "Tax revenue from some major items has increased very slowly, and even decreased in some localities," he explained.

The central treasury deficit in the first seven months of this year was 7.9 billion yuan, compared with 7.01 billion yuan in the same period of 1992, according to Liu.

The minister called for continued efforts to implement financial discipline and strict expenditure cuts.

Time 'To Rectify' Finances, Taxes

OW3008145293 Beijing XINHUA in English 1434
GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—Finance Minister Liu Zhongli said here today that it is high time for the state to rectify its financial and taxation setup and to confine the state's budget deficit within the planned limit.

Liu made the remarks when reporting on the state budget situation in the January-July period of 1993 at the ongoing Third Session of the Standing Committee of the Eighth National People's Congress (NPC), China's top legislature.

He said that to maintain a budget balance China must strengthen tax collection, cut expenditure and increase the state's revenues.

The first few months of this year witnessed an excessive rise in the state's expenditure, Liu said. He called on financial institutions to impose a strict control over expenditure scale and rationally readjust the expenditure structure in a bid to stem the rapid rise in expenditure as well as in the purchasing power of groups.

The minister said that in making expenditure plans, priority should be given to salaries and bonuses, price subsidies, key infrastructure projects and aid to poverty-stricken areas.

Liu said that the focus of the state's financial work in the next half of the year is to ensure that adequate capital flows to agricultural production and price subsidies for farm products are delivered.

According to the minister, great attention should also be paid to the facelifting of agricultural facilities, improvement of ploughing conditions and increase of farmers' incomes.

Moreover, the government should strive to boost the economic efficiency of the state-owned enterprises, especially those in the red and help them improve their management. In addition, he said, more autonomy in managerial affairs should be given to these enterprises in order to enable them to promote their operational reforms and inject vitality into production.

According to Liu, currently it is most urgent for the government to strictly check the tax exemption trend and get rid of over-favorable tax policies laid down by certain sectors and localities.

The government should also strengthen its tax collection as concerns individual businesses and foreign-funded enterprises.

The minister also touched on reform of the financial and taxation systems, saying that emphasis should be placed on tax collection and profit distribution between the state and the state-owned enterprises.

Liu also vowed that China would step up enacting financial and taxation laws and regulations, so as to build a sound and comprehensive legal system compatible with a socialist market economy and the needs of financial work.

He said that a campaign China launched this month will help check the present serious drain on the state's revenues and taxation.

Legal, Economic Programs Considered

OW3108081393 Beijing XINHUA in English 0756
GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—The ongoing Third Session of the NPC [National People's Congress] Standing Committee met here today to hear reports on the implementation of the government's social and economic development program and of the ongoing five-year law promotion campaign.

Chen Jinhua, minister in charge of the State Planning Commission, briefed the members on the favorable trend in the country's social and economic development.

He said that China has achieved much progress in such fields as enterprise reform, market cultivation, the perfection of the macro-control system, the reform of foreign trade system and the development of industry and agriculture.

In addition, Chen listed current problems in China's economic activities, including inflation, financial disorder and irrational structure of investment.

At the session, Justice Minister Xiao Yang also delivered a report on the ongoing five-year law promotion campaign which started nationwide in 1990.

According to the minister, the Chinese people have become more acquainted with the country's fledgling legal system due to the law promotion campaign, the second of its kind in the country. Citizens now know very well how to turn to laws for the protection of their legal rights and interests.

The law promotion campaign has also played an important role in boosting the government's ongoing anti-corruption drive, the minister added.

During today's session, Meng Liankun, director of the qualification commission of the NPC Standing Committee, delivered a report on the qualification examination of five newly-elected NPC Standing Committee members.

Chen Jinhua on Economic Work Targets

OW3108130093 Beijing XINHUA in English 0933
GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—China will continue to implement macro-control measures, deepen reform and strive to achieve a sound and sustained economic growth in 1993, a senior government official said here today.

Addressing the Third Session of the Eighth National People's Congress (NPC) Standing Committee now in sitting, Chen Jinhua, minister of the State Planning Commission, outlined major targets China is to hit during the latter half of this year.

He said that currently China's economy is on the right tracks, with a remarkable growth rate of 14.1 percent in the first half of this year. However, problems such as rising prices and diversion of funds meant for key state projects still exist.

Priority should be given to the deepening of economic reform, transformation of enterprises' operational mechanism, restructuring of investment, and improvement of economic efficiency, he said.

Chen said that the macro-control measures, adopted by the central government recently to rein in speculative activities and check irregularities in economic development, will be further carried out.

He said that the government will continue to rectify financial order and ensure that funds are channelled to infrastructure works and agriculture.

Funds controlled by the central authorities should be focused on key sectors like agriculture, transport (railways in particular), telecommunications, energy, raw materials, and water conservancy, Chen said.

The minister said that effective measures will be taken to retrieve credits and keep the issuing of currency well under control.

He pledged that the government will scale back the excessive investment package, which is draining the coffers of the state budget and endangering the healthy growth of the national economy.

Fast-growing investment in fixed assets has pushed up China's inflation rate which stood at 17 percent in the first half of this year.

According to Chen, one of the government's main targets is to reduce expenditure and cut the state deficit within reasonable limits. In doing this, he said, a tight budget will be maintained and the purchasing power of state institutions will be confined.

China will actively but prudently push ahead the price reforms in order to stem a possible run-away inflation, Chen said. He added that efforts will also be made to promote exports.

Says Control Measures Bringing Results

OW3108134593 Beijing XINHUA in English 1315 GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—China's efforts to rectify the financial order and strengthen macro-control are paying off, with the economic situation turning for the better and serious problems being eased, a high-ranking official has claimed.

Delivering a report on the national economy at the Third Session of the Eighth National People's Congress (NPC) Standing Committee here today, Chen Jinhua, minister in charge of the State Planning Commission, said that if further efforts are made to implement the macro-control measures, China's economy will see better and faster growth.

Chen's remarks echoed a speech made Monday [30 August] by Zhu Rongji, vice-premier of the State Council and governor of the People's Bank of China.

Chen said that initial achievements have been made in the drive to improve the financial order and strengthen macro-control. China launched the drive recently to check increasing irregularities in the development of the national economy.

According to the minister, illegal inter-bank loans and illicit fund-raising have been brought under control.

Following two hikes of bank interest rates, a slump in savings deposits has come to an end and deposits have witnessed a remarkable surge since June.

Meanwhile, the overheated growth of development zones and real estate speculation have been checked. Through recovering illegal inter-bank loans, the once abnormally high prices of real estate and means of production have started to fall and stock fever has cooled off.

In addition, the exchange rates between the renminbi (RMB) and foreign currencies have dropped to a reasonable level and remain basically stable.

Moreover, funds have been concentrated on meeting the needs of the major projects of the national economy. The funds needed for purchasing summer crops have been guaranteed and large amounts of funds have been invested in major national projects. Besides, efforts are being made to meet the needs of large and medium-sized enterprises for production and circulation funds to make export products.

However, Chen pointed out, China still faces an arduous task to push ahead macro-control, because the macro-environment for economic growth is still tight and financial difficulties still severe.

He admitted that China still has difficulties controlling excessive currency issuance and investment scale. Furthermore, rising inflation, limited state funds and an enlarged budget deficit have further compounded the problems, Chen said.

Wei Jianxing Remarks on Anticorruption Struggle Noted

HK3008150993 Beijing ZHONGGUO XINWEN SHE in Chinese 0903 GMT 20 Aug 93

[Text] Beijing, 20 Aug (ZHONGGUO XINWEN SHE)—The CPC Central Commission for Discipline Inspection convoked its second plenary session in Beijing today to study the further augmentation of party style, the building of clean government, and the anticorruption struggle. The meeting required party organizations and organs of discipline inspection and supervision at all levels to implement the Central Committee's work arrangements on the anti-corruption struggle in the immediate future so as to ensure and promote the smooth progress of reform, opening up, and economic construction.

At the meeting Wei Jianxing, member of the Political Bureau of the CPC Central Committee and concurrently secretary of the Secretariat and secretary of the Central Commission for Discipline Inspection, indicated that the CPC all along had been resolute in the fight against the phenomenon of corruption. Since the Third Plenary Session of the 11th Central Committee, the Central Committee all along has attached great importance to party style and the building of clean government, while adhering to the focus on economic construction, through a series of important measures to push the unfolding of penalties for corruption and advocate clean government.

He said it was imperative to closely center around economic construction in studying and formulating the new train of thought and methods in the anticorruption struggle, based on the principle of ensuring reform and opening up, and promoting the founding of the socialist market economy. First, it was necessary to closely link the anticorruption struggle with the implementation of major reform measures, as well as administrative and economic decisions. Second, it was necessary to resolutely penalize corrupt elements and firmly overcome various negative corruption phenomena. Third, it was imperative to augment the study of laws and regulations so as to promptly standardize behavior. Fourth, it was imperative to augment comprehensive improvement so as to effect a permanent cure, as well as to alleviate the symptoms. Fifth, it was imperative to conduct education among the broad party members and cadres so as to strengthen their power to resist the erosion of such decadent ideas as money worship, hedonism, and ultraindividualism.

Wei Jianxing stressed that at present, party committees and governments at all levels should focus their efforts on doing a good job in the following work: First, it was necessary to augment supervision and examination of the leading cadres of party and government organizations at all levels in the conditions of their self-restriction and being honest in performing their official duties. The Central Committee has reaffirmed and set out the following requirements: Party and government leading cadres are not allowed to engage in commerce and run enterprises; they are not allowed to work part-time in economic bodies of various categories; they are not allowed to engage in buying and selling securities; they are not to accept gifts in the form of money or various valuable securities in their activities in public service; they are not allowed to participate in high-priced amusements with public funds. These bans should be grasped by leading cadres at the provincial and ministerial levels, with each level grasping implementation at a subordinating level. Those who have violated the bans must have party or government discipline meted out to them. Second, it is imperative to focus efforts on investigating and handling a number of major and important cases. The key lies in investigating and handling cases of leading organizations, leading cadres, judicial departments, administrative and law-enforcement departments, economic administrative departments and their workers violating the law and discipline—such as corruption, bribery, perverting justice for a bribe, smuggling, and peddling smuggled goods—which have seriously interfered

with, and impeded work in investigation. Such cases must be handled resolutely. Third, it is imperative to halt several unhealthy tendencies with strong mass complaints. In the immediate future, it is imperative to halt such unhealthy tendencies as the arbitrary collection of funds by state organizations and departments under their jurisdiction, abusing power under all possible pretexts, and travel overseas or outside the border at the expense of the state treasury.

Wei Jianxing said that to resolutely halt the unhealthy tendency of the arbitrary collection of funds, the Central Committee has reiterated that party and government departments at all levels are not allowed to engage in commerce, all fines and materials confiscated by supervision and law-enforcement organizations must be handled over to the state treasury, and separate control over revenue and expenditure must be implemented. Some state organizations at the central level should earnestly resolve a few key issues through actions with particular targets. Other departments and trades should start, each from its own reality, to resolve whatever conspicuous issue it has, so that work to halt unhealthy tendencies and rectify party style may score marked results.

Anticorruption Struggle To Focus on 'Leading Cadres'

HK3008152593 Beijing ZHONGGUO XINWEN SHE
in Chinese 1353 GMT 27 Aug 93

[By correspondent Chen Yanhua (7115 5333 5478): "Liang Guoqing Says Procuratorate Organs To Concentrate on Economic Crimes Involving Leading Cadres in Coming Six Months"]

[Text] Beijing, 27 Aug (ZHONGGUO XINWEN SHE)—At today's meeting with the press for a briefing on the focuses of anticorruption work and investigations into major cases for the next six months, Liang Guoqing, deputy procurator of China's Supreme People's Procuratorate, said that priority will be given to such economic crimes as corruption and bribery cases in party and government organs; in judiciary, administrative, and law-enforcement departments; and in economic administrations; and especially to cases involving leading cadres.

Major cases, according to Liang, include: Corruption, bribery, misappropriation of funds for stock and property speculation, and profiteering uncovered in rectifying financial order; government units participating in smuggling activities; serious economic crimes in which party and government organs and their leading cadres are found to have supported, allowed, or protected activities to cheat the state of tax refunds or to manufacture or sell fake and inferior commodities; embezzlement, robbery, and neglect of duties by state employees in situations that involve such economic crimes as corruption and bribery; and criminal cases such as corruption, bribery, and abuse of duties uncovered in rectifying unhealthy practices in trades and professions and in special revamping actions.

Liang Guoqing says procuratorate organs in the next four months will be concentrating on investigating major cases

as cited above. Efforts will be made to open files on and investigate a certain number of such crimes and to prosecute according to law yet another number of such crimes, and will recommend that people's courts deal harshly with people found guilty of such serious economic crimes as corruption and bribery, and "mete out heavy or death sentences to those who deserve them."

He revealed that the Supreme Procuratorate recently set up a command center for investigating corruption and bribery cases with the aim of centralizing the command and coordination of crime-fighting against major cases that straddle provinces.

While stressing that procuratorate organs must handle cases according to law and persist with the investigation no matter what personnel are involved, Liang Guoqing said that in view of the various complicated situations resulting from changing from the old system to the new, in punishing such economic crimes as corruption and bribery, procuratorate organs will continue to be "1) resolute, and 2) cautious and sure of catching the right guys," and will continue to pay attention to the distinction between crime and non-crime.

Article Views Measures Taken Against Crime

HK3108022693 Hong Kong KLANG CHIAO CHING in Chinese No 251, 16 Aug 93 pp 14-17

[Article by Leng Mo (0397 4188): "CPC Reorganizes Public Order Committee, New Leading Body Includes Senior Officials From 33 Departments"]

[Text] **Bad Public Security Situation Tests the Determination and Ability of the CPC Central Committee for Comprehensive Management of Social Security**

The CPC Central Committee for Comprehensive Management of Social Security [CCCMSS] is a very long name. It is a very important department of the CPC and is called the "Central Committee for Comprehensive Management of Social Security" for short. Recently, its leadership has been greatly reshuffled. It now has eight additional member units, and Ren Jianxin has replaced Qiao Shi as chairman of the committee.

China's current bad public security problems are testing the determination and ability of the new CCCMSS.

The CCCMSS Consists of Major Figures From Various Quarters

The CCCMSS, formed in March 1991, has been reshuffled recently. Ren Jianxin, member of the CPC Central Secretariat, secretary of the Central Commission of Political Science and Law, and president of the Supreme People's Court, assumes the post of CCCMSS director. Luo Gan, state councillor and State Council secretary general; Zhang Siqing, Supreme People's Procuratorate procurator general; and Cao Zhi, National People's Congress [NPC] Standing Committee secretary general, are vice directors. Its members comprise the following 33 important persons:

Public Security Minister Tao Siju; State Security Minister Jia Chunwang; Justice Minister Xiao Yang; Shu Huaide,

secretary general of the Central Commission of Political Science and Law; Zhou Ziyu, deputy director of the PLA General Political Department; Supreme Court Vice President Gao Changli; Civil Affairs Minister Doje Cering; Personnel Minister Song Defu; Railways Minister Han Zhubin; Communications Minister Huang Zhendong; Culture Minister Liu Zhongde; Ai Zhisheng, minister of radio, film, and television; Construction Vice Minister Ye Rutong; Li Keqiang, first secretary of the Central Committee of the Communist Youth League; Zhang Guoxiang, secretary of the Secretariat of the All-China Federation of Trade Unions; Zhao Di, vice president of the All-China Women's Federation; Zhao Zongnai, deputy head of the Central Organization Department; Zhai Taifeng, deputy head of the Central Propaganda Department; Xi Dehua, vice secretary general of the State Council; Zhang Xiaowen, deputy director of the State Education Commission; Vice Finance Minister Liu Jibin; Vice Labor Minister Zhu Jiazhen; Liu Pingyuan, vice minister of posts and telecommunications; Public Health Vice Minister Sun Longzhuang; Dai Xianglong, vice president of the People's Bank of China; National Tourism Administration Director Liu Yi; Yu Youxian, director of the State Press and Publications Administration; Liu Minxue, director of the State Administration for Industry and Commerce; Jiang Zhuping, director of the Civil Aviation Administration of China; Li Yumin, president of the People's Insurance Company of China; Ba Zhongtan, commander of the Chinese People's Armed Police Force; Zhu Shuguang, director of the Security Department under the PLA General Political Department; and Tang Dongsheng, director of the Mobilization Department under the PLA General Staff Department. Shu Huaide holds the concurrent post of CCCMSS director.

Ren Jianxin, who recently took over from Qiao Shi as CCCMSS director, stressed the need to crack serious criminal cases such as hooligan and burglar gangs, underworld forces, train bandits and highwaymen, and serious violence; and to resolutely punish these criminals sternly and quickly in accordance with laws. He said that those who should be punished sternly should be punished sternly and those who should be sentenced to death should be resolutely sentenced to death in accordance with laws, and that there must be no ambiguity about this.

The Standing Committee of the Political Bureau Specifically Listens to Report

It is learned that the Standing Committee of the Political Bureau of the CPC Central Committee recently specifically listened to the report on the work of comprehensively managing public security. Moreover, it clearly stated that, but for the great attention paid to the comprehensive management of public security over the past two years, public security problems could have been much worse than they are now. The Standing Committee of the Political Bureau of the CPC Central Committee maintained that under the situation of quickening reform and opening up and economic development, the comprehensive management of public security can only be greatly reinforced and must not be weakened. If the public security situation is

bad, it will directly affect the security of the lives and property of the masses, affect the smooth progression of reform and opening up and economic development, and affect the government's prestige. "It is a very important hot question which may have a bearing on whether or not the people's trust can be won."

"Ensure Peace in One Area"

The CPC Central Committee has recently demanded that main leaders of party committees and governments at all levels make it their own political responsibility to "ensure peace in one area." It said: The comprehensive management of public security is a great social systematic project and cannot be achieved merely by the CCCMSS, the Central Commission of Political Science and Law, and public security organs. People from all walks of life and of all trades and professions should attach importance to it. In addition to paying great attention to economic development, main leaders of governments at all levels must spend considerable time and energies to comprehensively manage public security and strengthen leadership over this job.

Ren Jianxin Shoulders a Heavy Task

In view of the recent bad public security situation and unhealthy social mood, as CCCMSS director, Ren Jianxin feels that he himself shoulders a heavy task. At the first CCCMSS plenary session since assuming the post of CCCMSS director, he said: We are currently launching four special struggles against robbery and burglary, abduction of women and children, prostitution, and "train bandits and highwaymen." They are organized by the CCCMSS with the purpose of mobilizing all forces in society to mainly resolve current salient public security problems and eventually promote the implementation of the various measures for the comprehensive management of public security.

Ren Jianxin Criticizes Some Places for Allowing Gambling and Conniving at Prostitution

However, Ren Jianxin complained, saying: At present, some places do not pay enough attention to the above struggles. Forces that should be mobilized have not been mobilized. Some places have not done enough. They would start and stop the struggles alternately and cannot produce obvious and consolidated results. Other places have even tried to lift restrictions on pornographic services and gambling.

New "Antipornographic" Trends

The All-China Leading Group for the Screening of Publications and the Audio-Visual Market also maintained that, despite the fact that great success has been achieved in "wiping out pornography and prostitution" and in dealing blows to illegal publications in the first half of this year, the situation is not optimistic. According to statistics from the National Office Against Prostitution and Pornography, from January to May, 19 provinces, municipalities, autonomous regions, and state plan-designated cities have seized over 170,000 pornographic books and magazines and over

8,800 pornographic videotapes, combed and removed 75 sites where pornographic material was manufactured and sold, investigated and punished over 3,400 law-breakers, and fined and confiscated over one million yuan. But "pornographic harms" all over China outnumber these figures!

Guangdong's "New Novels" and "Adult Novels"

Relevant quarters have disclosed that among illegal publications, pornographic books and magazines are of an increasingly wide variety. In Beijing alone, over 80 kinds of them are found, whereas in Guangdong, there are over 100 kinds of pornographic books and magazines which appear in the forms of "new novels," "adult novels," and "class-three novels" this year. Moreover, investigation by the work team sent from the National Office Against Prostitution and Pornography shows that large quantities of smuggled pornographic laser videodisks and tapes dubbed from these videodisks are flooding video-showing sites and are publicly sold in the market along the southeastern coast and in some inland cities. Lawless elements conspire with people outside Chinese soil and utilize the so-called "international book numbers" to manufacture and sell illegal publications.

The Harassment of "Train Bandits and Highwaymen"

In recent months, many mainland papers and magazines have carried reports about how various localities have dealt blows at "train bandits and highwaymen." They are a malicious tumor affecting the mainland's public security. "Train bandits and highwaymen" rob travelers rapidly and then run away. With careful planning, a few lawless persons often can overpower a good many unprepared and unorganized travelers. Most of them act in gangs. In Fujian alone, from January 1991 to September 1992, there were 3,647 cases of "train bandits and highwaymen," causing losses reaching over 10 million yuan.

What have the mainland's law-enforcement organs done to cope? It is learned that as of 10 May, railway courts across the country had tried and concluded 1,082 cases of "train bandits and highwaymen" and sentenced 2,010 persons, of whom 84 were sentenced to life imprisonment or other more serious punishments. Additional Policemen are Placed on Passenger Trains [subhead]

According to the Ministry of Public Security and the Ministry of Railways, since late last year, railways and public security organs have experimented with reform of the train police service system. First, they instituted the "two cars, one policeman" system for 10 pairs of trains on which public security problems have more often occurred, namely that they place one policeman on every two cars. Moreover, they instituted the "many policemen" system for 294 pairs of trains, by which they send four to five or more train policemen to these trains according to their security situations. In the meantime, on trains running between Beijing and Guangzhou, between Wuchang and Guangzhou, and between Xian and Guangzhou, they have experimented with the train police service system for railroad sections, namely, that railways and public security

offices in different sections of a train route send policemen to the train and take turns for police duty.

From 22 December onward, the number of policemen on the 10 pairs of trains for which the "two cars, one policeman" system was instituted has more than doubled. It is said that security and order on these trains have obviously improved. Robberies and burglaries were once unstopable on Numbers 51 and 52 trains running between Guiyang and Shanghai. Now such cases have obviously decreased since the "two cars, one policeman" system was introduced. In several robberies occurring last January, the robbers were caught red-handed.

Tempted by "Money Worship"

Analyzing the reasons underlying the considerable increase of criminal cases in recent years, the CCCMSS stated: Reform and opening up have adjusted various social relations and interests and brought out some new social contradictions and social problems. In the meantime, at a time when the old system is gradually disintegrating and the new system has not improved yet, criminals are liable to utilize loopholes. Under the cover of money worship and commodity economy, some people are easily tempted to act unscrupulously or commit crimes for the sake of money. Moreover, education has not caught up with reform and the change of the times, causing the moral standards of some people, especially young people, to lower and weakening their awareness of laws and discipline. In recent years, juvenile delinquency has become a serious social problem. Of the persons committing crimes, 70 to 80 percent are youngsters. For instance, in recent years criminal cases such as burglaries, robberies, frauds, and murders for the sake of money have accounted for over 80 percent of the total number of criminal cases, and these crimes have also increased the quickest. Homicides, bombings, and woundings happen every day. Some people kill and wound several persons at a time. Of these cases, 50 to 60 percent or even 70 to 80 percent are caused when civil disputes become acute.

The CPC Plans To Rely on All Forces in Society To Strengthen Security

By introducing means of comprehensively managing public security and setting up national public security comprehensive management organs across the country, the CPC intends to rely on all forces in society to resolve public security problems which law-enforcement organs find difficult to resolve by themselves.

In order to further strengthen the comprehensive management of public security, the CPC Central Committee has decided that the CCCMSS has recruited additional personnel from the Ministry of Communications, the Ministry of Posts and Telecommunications, the Ministry of Personnel, the People's Bank of China, the People's Insurance Company of China, the Civil Aviation Administration of China, the National Tourism Administration, and the Headquarters of the Chinese People's Armed Police

Force. It has changed the former Military Affairs Department under the PLA General Staff Department into the Mobilization Department under the PLA General Staff Department.

Ren Jianxin Calls on Localities To Establish and Improve Systems As Soon As Possible

The CCCMSS is a standing body helping the CPC Central Committee and the State Council to lead the work of comprehensively managing public security across the country. Its main functions are: Study and put forward principles, policies, and major measures for the comprehensive management of public security in light of public security situations across the country so as to enable the CPC Central Committee and the State Council to make policy decisions. Make plans for the work of comprehensively managing public security across the country for a certain period of time and ensure that the plans are carried out. Direct, coordinate, and spur all localities and all departments to implement the various important measures for the comprehensive management of public security. Sum up and promote practical experiences, commend exemplary persons and units, organize relevant departments to strengthen the theoretical research of the comprehensive management of public security, explore and gradually improve new Chinese-style ways of maintaining public security. Handle pertinent matters handed over from the CPC Central Committee and the State Council.

As for the localities, various provinces (autonomous regions and municipalities), prefectures, and counties have also set up CCCMSS organizations. Each local CCCMSS organization is led by one member of its party committee, assisted by one deputy official of its government, and whose work is participated in by persons in charge of relevant departments.

Ren Jianxin recently said: At present, many localities have also reshuffled their CCCMSS's. After the reshuffling, CCCMSS's at all local levels should establish sound and necessary work systems and bring into full play the advantage of "he who is in charge is responsible."

Public Security Has a Bearing on the Promotion of Leaders

The mainland practices "two principles and one system" for the comprehensive management of public security. The two principles are "he who is in charge is responsible" and "a leader manages his own place." The former means that if a place has any public security problems, its leaders must be held responsible and that if a department has problems, its leaders must be held responsible. Similarly, a person in charge is to be held responsible for the problems occurring in his place, department, or unit. This principle applies to all departments of the party committee, the government, the Army, and to all mass organizations. In line with the principle of "he who is in charge is responsible," the principle that "a leader manages his own place" operates in handling relations between the vertical authorities (various professions and trades, departments, and units) and

the horizontal authorities (cities, counties, residential districts, and townships, and towns) so as to patch up current separation in China of the "vertical and horizontal authorities" which do not shoulder their responsibility.

The "one system" refers to the "one-vote vetoing power" in the comprehensive management of public security. Its meaning is to link the public security situation and results of the work of comprehensive managing public security within a certain area with the political honor, economic interests, and promotion of a unit, a leader, or a person in charge. Those who fail to reach comprehensive standards or in whose areas serious public security problems occur may have political honors or qualifications for promotion vetoed.

End to Practice of 'Interceding for Others' Urged

HK310805593 Beijing RENMIN RIBAO in Chinese
24 Aug 93 p 3

["Random Talk" column by Si Xiong (2448 7160): "Stop the Trend of Interceding for Others"]

[Text] An important task for the struggle against corruption, to improve party style, and to intensify ethical construction is to investigate and deal with serious and important cases. "Whenever a case is placed on file for investigation and prosecution, someone intercedes for those involved." Therefore, resolutely checking the practice of interceding for others is essential to doing a good job in the anticorruption campaign.

In interceding for others, one usually approaches those who are in a position to obstruct the handling of the case, including leaders of the people involved, colleagues, comrades in arms, relatives, and friends. He may meet the officials in charge of the case in person, make a phone call to them, send them a note, or even present them with money or articles, bringing pressure to bear on them by making use of their affection for each other or of their mutual interests. All this is designed to allow those violating the law or discipline to go unpunished. This is as good as helping evil-doers.

Those who intercede for others for whatever reason, in essence, place human feelings above principles, or barter away principles, creating difficulties for those who handle cases, making normal work unable to proceed smoothly, and jeopardizing the inviolability and authority of party discipline and state laws. Consequently, those problems that should be settled cannot be settled, and the laws that should be enforced cannot be enforced, or great issues are turned into small ones and small ones into nothing. This will corrupt party style and adversely affect the reputation the party enjoys among the masses. The harmfulness of this practice should not be ignored.

In fact, the practice of interceding for others has been prevalent for a long time. We cannot hold the malpractice in check overnight. Instead, we must make long-term and painstaking efforts to reverse the situation.

First, we must act strictly according to laws, rules, and regulations. Those cadres handling cases, in particular,

must enhance their party spirit and their sense of responsibility to the party and people. They must refuse to give in or compromise on matters of principle, consciously resist the trend of interceding for others, and do nothing that contravenes principles and provisions, regardless of any pressure.

Second, it is necessary to keep the public aware of the government's operations and to increase the channels by which the government's work procedures can accept the open supervision of the masses so that no one will be able to intercede for others.

Third, we should take strong measures against those who plead for mercy for others because such people discard principles and harbor evil-doers. We should make necessary investigations to determine their criminal liability and prosecute those who should be prosecuted.

In a word, the leading cadres should take the lead in halting the trend of interceding for others. While refusing to plead for mercy for others themselves, they should bolster and pep up those cadres handling cases and do away all obstacles for them. Only by so doing can we make a substantial stride forward in improving party style and getting rid of malpractices, thus winning the confidence of the people.

Press, Publications Official On Professional Ethics

OW2708053393 Beijing Central People's Radio
Network in Mandarin 2230 GMT 26 Aug 93

[Interview with Yu Youxian, director of the State Press and Publications Administration, by station reporter (Liang Yue): "The Press Has Made Initial Successes in Enhancing Professional Ethics and Banning Compensatory Journalism"; place and date not given—recorded; from the "News and Press Review" program]

[Text] [(Liang Yue)] Director Yu, how are you? The party and the state have set demands for enhancing professional ethics and banning compensatory journalism; the CPC Central Committee Propaganda Department and the State Press and Publications Administration have also issued a circular on enhancing professional ethics among the ranks of journalists and banning compensatory journalism. Could you talk about the achievements being made?

[Yu Youxian] It is right to say that the circular on enhancing professional ethics among the ranks of journalists and banning compensatory journalism issued by the CPC Central Committee Propaganda Department and the State Press and Publications Administration is a very important document directed against some new conditions and problems which have emerged under new circumstances. Conscientiously carrying out the guidelines in this circular is of great significance in enhancing professional ethics in the ranks of journalists, conforming to the new situation, deepening anti-corruption efforts, promoting journalistic reform, and conducting journalistic and propaganda work in a more efficient way. The circular has evoked strong repercussions from the public. Readers,

enterprises, and units, believing that the unhealthy practice of compensatory journalism should have been checked long ago, all gave their support enthusiastically. Press units actively supported this circular too, holding the view that it is an effective measure to strengthen the ranks of journalists, promote education on professional ethics, and maintain the good image and prestige of journalism. Now press units and propaganda departments in the capital and various localities are organizing journalists to earnestly study and discuss this circular, so that they will thoroughly understand the harm of compensatory journalism to the journalistic undertakings and the image of journalism itself. Newspapers such as RENMIN RIBAO, JINGJI RIBAO, and BEIJING RIBAO have carried notices on prominent pages, publicizing their respective rules for strengthening measures for honest practices and inviting supervision and strict investigation by the public. Propaganda departments and press and publications bureaus in some provinces, including Guangxi and Qinghai, have also issued circulars on correcting unhealthy practices in the press. All of this shows that the press and propaganda departments have taken vigorous action. Since the circular was issued, the situation regarding implementation has been good. We have also conducted some investigations and have yet to find any practices, such as receiving bribes to write some kinds of news and the likes, which were seen in the past. This also shows that as long as we mean to check this practice, we can check it. All press units and journalists have the same consciousness too.

What measures and plans will the State Press and Publications Administration and departments concerned take next? To consolidate the achievements we have made and fully implement the guidelines of the circular, we need to attend to the following things well:

First, we should still promote education conscientiously and popularize legal knowledge. We should arrange for all journalists to study relevant documents. The State Press and Publications Administration recently hosted a training course for editors-in-chief of newly established newspapers and periodicals; we will continue to conduct such courses in the future, and to develop a system for the work.

Second, we should conscientiously encourage various press units to exercise self-discipline. That means we will ask various press units to constantly improve various rules and regulations and adopt a responsibility system, according to the guidelines of the circular and the distinguishing features of their respective newspapers and periodicals, to systematize and standardize the professional ethics for the press.

Third, we should manage the press conscientiously.

Education Minister Criticizes 'Aristocrat Schools'

HK3108033293 Beijing BAOKAN WENZHAI in Chinese No 745, 23 Aug 93 p 3

[Report: "State Education Commission Minister Zhu Kaixuan Points Out It Violates China's Educational Policy to Train 'Aristocrats'"]

[Text] State Education Commission Minister Zhu Kaixuan discusses several problems concerning civilian-run schools in the combined seventh-eighth issue of the magazine RENMIN JIAOYU [PEOPLE'S EDUCATION]

He said: Recently there emerged one or two so-called "aristocrat schools," which follow the educational principle of aristocrat schools. Certain such schools have even called themselves "aristocrat schools" from the very day they opened. It should be clearly pointed out that training "aristocrats" contravenes our educational policy, and that it is detrimental to the healthy growth of the younger generation. We are against such schools and should not approve their establishment. We should see to it that such schools change their educational principles as soon as possible. Apart from "aristocrat schools," there are a number of schools whose material conditions, especially living conditions, are much better than ordinary schools, though they are not known as "aristocrat schools." These schools hire quality teachers at a high salary; put emphasis on courses in foreign languages, computers, and so on; demand that students board in schools; and charge high fees. These schools meet the needs of people with a high income, including those working with foreign-funded or private enterprises or coming back from abroad, who hope that their children will receive a better education. But only a few people can afford it. Things develop unevenly. Such schools should be allowed to have better material conditions. We should not criticize them for this. Differences are permissible. It is also excusable that some people are willing to spend more money on education of their children. The problems are: Can such schools comprehensively carry out our educational policy? Should we train children this way? And can such an educational environment and training program train the younger generation as builders of the socialist cause and successors to socialism?

In my view, though these schools have better material and living conditions and charge much more than ordinary schools, they must uphold the socialist orientation and carry out the party's educational policy so that students will develop morally, intellectually, and physically. Those schools which have deviated from the right path in this respect should correct their mistakes.

Li Lanqing Addresses Educational Reform, Development

HK3108084393 Beijing RENMIN RIBAO in Chinese 21 Aug 93 p 5

[Article by Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council: "The Notion That 'Education Is the Base of a Century-Long Project' Should Become the Common Understanding in Society—Excerpts of a Speech Delivered at the 'Forum To Implement the Program for China's Educational Reform and Development and To Promote the Implementation of Project Hope'"]

[Text] I am a new soldier on the educational front. Although I have received a higher education and is an

intellectual, I have never done any educational administration work. After the founding of the current round of administration, Comrade Tieying has new and important work to do and has to serve concurrently as the head of the State Commission for Economic Restructuring. Since his duty is very arduous, the State Council has decided to let me oversee educational work.

I have never done any educational work, but when I served in various posts over the past several decades, I deeply felt that no matter what you want to do well, what counts is personnel, and concerning personnel, what counts is education. Therefore, when I served as minister of foreign economic relations and trade, I graciously declined various concurrent and honorary posts offered to me, but volunteered to serve concurrently as chairman of the board of directors of the University of International Business and Economics. What did I do in that post? First, I helped them to raise funds and tackle the problem of inadequate funds for education. Second, I tried to contribute a bit to the principle and development strategy of teaching, and helped in the study on how we could train more outstanding economic and trade personnel who were needed by the society. Of course, before finishing the job, I left the original post, and now I can only resign from the position.

Since I am assigned to oversee educational work, I must study first. These days, I am going to the colleges to learn from the presidents, professors, and teachers. Today, it is the tenth time for me to participate in a forum on educational problems. I must also consult the comrades of the democratic parties, listen to their opinions, and learn from them.

The first point I want to talk about now is also the most important thing which I want to do, that is, we must help the State Education Commission to mobilize various quarters of society and with their strengths to properly publicize and implement the Program for China's Educational Reform and Development, issued by the CPC Central Committee and the State Council. The Program is a very good document. If all the things stipulated in the Program can be implemented, our country's educational undertaking will surely make big progress. This is a big matter which has a bearing on the improvement of the quality of the nation and the prosperity and development of the country. Professor Wu Qing from Beijing Foreign Studies University has just made a speech in which he expressed dissatisfaction over the small amount of education funds in this time. This I can understand. The purpose of holding the forum today is to invite everyone to ask questions, and to find out which key problems we should first tackle when implementing the Program.

What encourages me is that at this forum, I have heard from persons of various circles the urgent wish and strong desire to reform and develop education in our country, and this epitomizes the care for education from all of society. The forum today has drawn persons from various quarters of society, and everyone has made many selfless contributions and hopes we can better administer education. In particular, our revered Comrade Bing Xin [respected author] is very keen on education, despite her old age. The

persons of literary and art circles appeal from the bottom of their hearts, and comrades such as our elder Kang Shien have high hopes for the government. All this will give me strength and enhance my confidence, plus, through further promotion by all of us, I think the Program will certainly become a common understanding in society and be implemented, and our educational undertaking will be better served.

We, the Chinese nation, have a tradition of attaching importance to education. Today we say that "education is the base of a century-long project," but these are words from Guan Zi. More than 2,000 years ago, Guan Zi said: "The best year-long project is to grow rice, the best decade-long project is to grow trees, and the best century-long project is to cultivate people." Also, the saying that "all the different kinds of jobs are lowly, only study is noble," was criticized in the past. I think that although the saying that "all the different kinds of jobs are lowly" is not right, the point that study is the most important thing is not wrong. We should inherit and develop the tradition of attaching importance to education. It is more important that we, the current generation, cannot abandon the tradition of paying attention to education.

The second point is about Project Hope. Project Hope, which has been initiated by the Central Committee of the Communist Youth League and China Youth Development Fund, is very meaningful. Its significance is not just confined to the donation of money and material to support the running of schools in the poor areas and to help poor children to go to schools, it is helpful in arousing the whole society, including the governments of various levels to pay attention to education, especially to basic education, which receives care, support, and assistance.

The Project Hope campaign has so far received donations amounting to 100 million yuan. We hope that party and government leaders of various levels can help promote this undertaking. I believe that so long as we step up propaganda and let more people understand this undertaking, it would not be too difficult for them to generously donate money to support education. The Communist Youth League and the China Youth Development Fund have initiated Project Hope, but the project cannot be confined to the domain of the league and the young people. It should be expanded to become a society-wide campaign and earn the support of party organizations and governments of various levels. I personally will support you in promoting the project.

When I worked in the Ministry of Foreign Economic Relations and Trade, a certain comrade from the Poverty Relief Office of the State Council came to visit me and began talking about the unresolved problem of inadequate food and clothing in some poverty-stricken areas. I told him that I would help first by donating clothes and quilts. This would not be too difficult in the Ministry of Foreign Economic Relations and Trade. Thereafter, I briefed my staff on the situation of inadequate food and clothing in the poverty-stricken areas, and consequently the cadres and staff in the ministry donated a large quantity of clothes, which were then carried by a dozen trucks to a

certain poor county. Therefore, so long as we can step up propaganda and vigorously promote it, Project Hope is completely able to arouse sympathy and support in the whole society.

The other problem is how we can properly use the money, and this is also a very important problem. The China Youth Development Fund should not draw expenses from the "capital," because doing so would use up the money quickly. It should use the increment of the fund to constantly and ceaselessly support education in the poor areas and education for poor children.

A reporter from Beijing Television Station once asked me a question: "You have also taken charge of economic and trade work. How would you encourage the persons of industrial and commercial circles to support the educational undertaking? What is the best way to do it?" I think that on the one hand, they will generously donate to Project Hope; on the other hand, we can link the fund to industrial and commercial operation activities. That is to say, we inject the funds to projects which have high rates of return, and use the income to support the poor children in schools, by so doing we can allow the project to perpetuate.

In addition, society still does not quite understand how to donate money; for example, the issuance of state treasury bonds also has this problem. Everyone is willing to buy, but does not know from where they can buy. Propaganda work is not enough. Project Hope also has this problem. In all of society only a small number of people know about Project Hope. Regarding this point, the propaganda departments should further help to carry out extensive propaganda.

We may borrow Mr. Chen Jiageng's method of running education. That is, first use the fund to operate industry and commerce, and after earning some money, use the money to run education. I have been enlightened by this. Since I also oversee economic and trade work, I may look for a way to integrate education with economic and trade activities. Another method is donating books. Except books of particular value, most books become useless after being read by their owners; therefore, there should be no problem for them to donate these books. The crux is to do propaganda and organization work well.

I very much agree with Comrade Kang Shien's viewpoint. How should we run basic education in the rural areas at this time? The nine-year compulsory education is now enshrined in law; however, despite the fact that we have made great efforts to wipe out illiteracy including the use of funds from Project Hope, and despite the fact that we have used a lot of strength to drag students back to schools, they will forget what they have learned when they return to the farmland in the future. Here we can see, the way to run basic education in China's rural areas is still a big topic.

I went to Henan recently and discovered that in a village, so long as there are a few persons who have a brain and some knowledge, no matter where the village is situated, it is able to do something to invigorate agriculture with science and technology and generate wealth through labor. Whether a village can get rich depends on whether it has a

number of sensible persons who know something about economics, technology, and management. In the past, when we labored in the cadres school and received "reeducation" there, what enlightened me most was that agricultural development must mainly rely on science and technology. Although we never worked on the farmland, we had some knowledge and we could work and read books to learn the scientific method of farming, so we were able to grow crops on the land. Therefore, education in the rural areas should be integrated with the training of agricultural scientific and technological personnel, and with the training of managers of township and town enterprises. If science and technology can be better integrated with education in the rural areas, the enthusiasm for running education in the rural areas and for allowing children to receive education will increase. Currently in the rural areas, and particularly in the relatively poor villages, parents are not willing to send children to schools, one of the reasons being that they find that after going to schools, their children do not know how to work the farmland. It is impossible to enable all the 1.1 billion people in China to go to universities. After receiving a basic education, most people must go in other directions, look for jobs, and work. This is the reality facing us.

Germany's economic development benefits from its dual educational system. That is, one is general education, the other one is vocational education, and most people receive vocational education. Furthermore, students from the vocational schools cannot man the posts immediately after graduation, when they arrive at factories they must go to the training centers to receive further training. In the training centers within the German factories, I often saw the newcomers working with their files, and I was very surprised. The files from German factories should have entered the museum a long time ago. Why must they start the training by using the files? Soon afterward, I learned that this was to cultivate the conscientious and meticulous spirit of the young workers, so that no faults could be picked from the products they produced.

The basic education in our rural areas, especially the basic education in the areas requiring poverty relief, must be further integrated with the development of agricultural science, the development of rural economy, and the running of township and town enterprises, so that what is learned can be applied.

Finally, I call for further strengthening of moral education for the youngsters. Moral education includes two issues, one is the truth of Marxism, and we must make it easy to understand, enable people to feel it is reasonable after learning it, enable them to feel it is useful after learning it, and make it easily acceptable to the people. For this reason, I think it is necessary to improve the method and content when we teach Marxism. Truth has theoretical attraction, and we must give full play to the role of this kind of attraction. The crucial point is to explain and use it proceeding from the actual conditions. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is contemporary Marxism, and we must use this theory to properly teach the young generation. For the

young people, we must also strengthen education on modern history, contemporary history, and the country's conditions, and I hope that leaders of various levels can allocate some time to go to schools to brief teachers and students on the situation. The other issue is to develop the traditional virtues of the Chinese nation. Chairman Mao said: "We should sum up everything from Confucius to Sun Yat-sen, and inherit this precious legacy." Comrade Deng Xiaoping also warned us that "it is very important to understand our own history." The Chinese nation is a nation with a splendid culture of several thousand years, and the rallying force of the Chinese nation comes from socialism with Chinese characteristics and the outstanding cultural traditions of the nation. We should gather the outstanding morals, ethics, and traditions to educate our young people. Of course, within our traditions there are dross, but there are also numerous excellent things, and we should get rid of the dross and keep the best to educate our young people. I ask the State Education Commission to organize experts to compile books on the values, morals, ethics, and thinkings which have Chinese characteristics, for use to constantly teach our babies, primary school students, high school students, and college students. To use the good traditions of our nation to teach the young people is more easily acceptable to them than to use foreign things. Of course, we must also learn the good things from foreign countries and gather the good things of the world. But we, the Chinese, should have our own characteristics. Not long ago, an international forum on how to use oriental cultures to teach young people was held in Beijing, and there were some American experts. They said that oriental cultures have many good contents, and that they have to study how to use these good things to educate the American youth. Even others use these good things, so why can we not use them? Today, many friends from literary and art circles are here, and I hope that by vivid methods, through theorized contents, and with propaganda and mass media, we can publicize the traditional virtues of the Chinese nation. We are a country of etiquette, but we often see quarrels in the streets, rudeness, lack of social ethics, lack of reputation, and so on. These are uncivilized and immoral behaviors which fall short of the expectation of our ancestors. Comrade Deng Xiaoping once said: "Children must be polite, care about collective undertakings, care about public order, and criticize whatever wrongdoings they see. We must restore this kind of good habit." I would like to take this opportunity to urge various circles to improve the method and content when teaching Marxism on the one hand, and on the other hand, gather the best things of the outstanding traditions of the Chinese nation, to form vivid teaching material to educate the young people, and train them into the "four-have" personnel with Chinese characteristics.

The meeting today is very good. Thank you. Professor Wu Qing, please convey my regards to your mother, the revered Bing Xin, for her attention to the educational undertaking. There are still big difficulties in doing what I say today, but let us try our best, and there will be results.

Jiang, Li Peng Send Messages on CCTV Anniversary

OW3108080393 Beijing XINHUA in English 0739
GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—Jiang Zemin, Li Peng and other Chinese leaders have sent messages or telephoned to extend congratulations on the 35th anniversary of the China Central Television Station (CCTV).

Founded in September 1958, CCTV was the first TV station in China. It is now the country's only nation-wide TV station. It reports government policies extensively as well as reporting general news and providing entertainment for its 800 million viewers nationwide.

Its programs also cover part of the overseas market by using satellites and other means.

"Use every effort to run the television service so as to promote the construction of socialist ethic and material progress," Jiang Zemin, general secretary of the Central Committee of the Chinese Communist Party, wrote.

Premier Li Peng wrote: "Standing firmly in China, with an eye on the world."

There are other congratulations from Chinese leaders, including Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing and Hu Jintao, who are all members of the Standing Committee of the Political Bureau of the party's Central Committee.

They requested CCTV to innovate boldly, serve wholeheartedly the people and enhance mutual understanding between China and the rest of the world.

'Pen Talk' on Deng Theory: Grasping With 2 Hands

HK3008142193 Beijing RENMIN RIBAO in Chinese
9 Aug 93 p 5

["Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics" by Shen Rongfa (3088 2837 3127), secretary of the CPC Committee of Wujiang City, Jiangsu Province: "Implementing the Policy of 'Grasping With Two Hands' Requires Concrete Efforts"]

[Text] A very important point in building socialism with Chinese characteristics is that we must attach great importance to building spiritual civilization, and to implementing the strategic policy of "grasping with two hands" at the basic level. In the past few years, in the course of deepening reform, expanding opening up, and accelerating economic development, we have constantly deepened our understanding of the policy of "grasping with two hands," and have scored great successes in building both the material and spiritual civilizations.

I. In Building Socialism With Chinese Characteristics, We Must Uphold "Grasping With Two Hands"

The essence of socialism is to emancipate and develop the productive forces. Therefore, it is a justified argument to uphold reform and opening up, and to boost the economy.

However, practice has warned us repeatedly that it is very dangerous to grasp the economy alone, slacken the building of socialist spiritual civilization, and weaken the socialist ideal and morality. Not only will it affect all-round social progress, but in addition it will be very difficult to boost the economy in the end.

The healthy development of reform and construction requires correct ideological guidance. Only by strengthening unrelentingly the education on the party's basic line, and making the "one center, two basic points" policy strike root in the hearts of the people can we control the direction, develop, and progress. Looking back over the course of reform and opening up over the past ten years and more—from the promotion in rural areas of the contract responsibility system for joint production on a household basis to the speedy rise of town and township enterprises, from the initial development of the commodity economy in the coastal areas to the setting up of a large number of "foreign-invested" enterprises—the intensification of reform and economic development always have been linked with the ideological emancipation movement under leadership. To expand opening up to the outside world, to learn from and use for reference foreign countries' experiences in advanced technology and management, and to build up and improve the socialist market economy system all are for the purpose of pushing forward the cause of socialism with Chinese characteristics. However, there is a misunderstanding among a small number of people who believe that this is "going in for capitalism under the leadership of the Communist Party." If we do not step up the education of those who have such an erroneous understanding and if we do not bring out the erroneous ideological areas in a timely manner, popular morale will be weakened and solidity and struggle will be affected.

The arduous task of reform and construction also requires building up, from top to bottom, a pioneering spirit of determination and forging ahead, hard work, and selfless devotion. The reform and construction in which we are engaged are a great cause, unparalleled in history, and it is inevitable for us to come up with various kinds of difficulties and obstacles in our progress, and it is hard to avoid this or that kind of complications and frustrations. On the matter of material interest, the socialist principles are: To each according to his work, and gradual realization of common prosperity. However, as both the complementarity of reform and the improvement of the legal system require some time, the phenomenon of irrational social distribution stands out more sharply than in the past. Thus, there are those who beat a retreat in the face of difficulties; there are those who "jump from one work place to another," or "do business on the sea" for the purpose of "gold panning"; and the idea of "why not make a try, easy and unrestrained?" also has taken shape. In the face of this objective reality, we should pay attention to upholding and initiating the pioneering spirit of hard struggle and selfless devotion. If everyone is after personal "ease and lack of restraint," the edifice of socialism cannot be built.

The successful progress of reform and construction also requires a civilized, stable social environment. Opening up opens the door of China to the outside world, which in exchanges with foreign countries helps China learn from the advanced technology, scientific management, and progressive cultural achievements abroad. Meanwhile, some decadent things of capitalism, taking advantage of loopholes, also induce and corrupt some weak-willed people, and some long-extinct ugly phenomena prevail again. With the development of the economy and the gradual improvement in the living standard of the masses of the people, the fine tradition of hard struggle has become indifferent in the minds of the people, and the idea of extravagance and waste, and of seeking ease and comfort has grown to some extent. We must attach importance to these problems; otherwise not only will people's moral standards be lowered, and the social atmosphere turn bad, but they also will bring about popular feelings of instability and social instability, directly affecting the successful progress of reform and construction.

II. Grasp Conscientiously and Well the Building of Spiritual Civilization Under the Circumstances of a Market Economy

The fundamental objective of building socialist spiritual civilization is to train and bring up a new generation "with ideals, morality, culture, and discipline." Under the new situation of the vigorous development of a socialist market economy, how can this strategic task be implemented concretely and well? Our major practices and experiences are:

1. Centering closely around the central task of reform and opening up and of economic construction, extensively develop vivid and concrete ideological education on patriotism, collectivism, and socialism so as to enable cadres and the broad masses of the people always to keep up the fighting will and workstyle of determination and forging ahead, firmness, and persistence.

The city of Wujiang is situated in a coastal developed area with rapid economic development, but as its starting point is high and it is running in front, it often faces many new situations and contradictions. Therefore, in economic work it faces arduous tasks, great difficulties, and heavy pressure. In the past few years, closely linked with the focal points and difficult points in every stage of reform and construction, we have upheld ideas taking precedence; attached importance to spiritual motivation; and made efforts to help the ideas of patriotism, collectivism, and socialism strike root in the hearts of the people, thereby constantly strengthening the confidence of the cadres and the broad masses of the people in socialism, and enhancing their historical responsibility in building Wujiang and vigorously developing China, as well as their capacity to bear difficulties and pressure. Since the 1980s, in the great tides of reform and opening-up, a batch of entrepreneurs has emerged in the city. As trailblazers with the resolution and daring to act, they have stood at the forefront in development and blazing new trails, and have become the "head rams" of Wujiang's economic development. At the end of the 1980s, aiming at solving problems in progress,

the state carried out the policy of control and rectification, and in the face of macroeconomic control of overall tight money, some enterprises where entrepreneurs worked met with serious difficulties. Some people could not understand ideologically, and complaints and fear of difficulty emerged; a small number of people even "beat a retreat." Under such circumstances, we ran training courses for entrepreneurs. Major leaders of the city CPC committee mounted the platform and personally gave lectures on reform and opening-up, the direction of enterprise development, the ideals and spirit of CPC members, and the responsibility and mission of entrepreneurs. These training courses have enhanced greatly the political and ideological quality of entrepreneurs, strengthened their psychological capacity to bear difficulties and their practical combat effectiveness, and helped them tide over the difficulty of control and rectification. They have played a very fine role in demonstrating and giving impetus to the steady and sustained development of the economy of the entire city. In recent years, we have carried out in a deep-going and sustained way the "deep love for hometown, and vigorously develop Wujiang" activities, setting up enterprises and making contributions. Each year we have given wide publicity to and commended a number of advanced collectives and meritorious workers in construction, thereby creating throughout the city a public opinion environment of going all-out and making progress, and striving for first-rate achievements. We also have generalized the mental attitude of the cadres and masses of Wujiang—solidarity, struggle, and arduous pioneering work—into the 16-character Wujiang spirit of "unity and sincerity, going all-out in development, being practical and blazing new trails, and being bold in scaling heights." We talk about this spirit at any meeting, and make great efforts to initiate it, thus constantly strengthening throughout the city the cohesiveness of determination and forging ahead, and of working hard for the prosperity of China.

2. Initiate a correct outlook on life and values with a clear-cut stand, and encourage and develop a noble spirit of vowing to adhere to the cause of the party, the people, and selfless devotion.

To develop a socialist market economy is of great importance to further emancipating and developing the productive forces, and accelerating the socialist modernization program. However, we also must see that it is inevitable that some negative effects will be brought about in the growth of a market economy. Therefore, we must initiate a correct outlook on life and values, and strive to encourage and develop a noble spirit of adhering to our chosen course and of selfless devotion. Before and after 1 July last year, combined with the activities in commemoration of the 71st anniversary of the founding of the CPC, we unfolded on an extensive basis the activities of "making joint efforts for the four modernizations program, and being devoted at our posts." In addition, we conducted concentrated education inside and outside the Party on ideals, purpose, and discipline. This year, the city CPC committee decided to conduct city-wide educational activities with the theme of "devoting ourselves to the collective, and dedicating ourselves to the cause," and have achieved the expected

results. When the earthworks for us to widen the No. 318 State Highway were started early this year, funds were not yet finally decided. Should we wait, or get to work? To speed up the progress of the project, we mobilized the peasants of seven towns and townships along the line to do voluntary work. On one particular day, there were as many as 130,000 workers. We did a rush job for seven to eight days, completed nearly two million cubic meters of earthworks, and won the praise of the leadership at the higher level which came for inspection.

3. Aiming at the creation of a soft environment that is favorable to the development of a socialist market economy, constantly developing mass activities in building socialist spiritual civilization, striving to enhance social moral standards, and optimizing the social atmosphere.

The creation of a more united, harmonious, civilized, and healthy new type of person-to-person relations and social customs according to socialist moral standards is a necessary prerequisite for promoting the healthy development of a socialist market economy. Our main jobs in this respect are: First, grasp publicity and education with different emphases at different stages. During holidays, we persist in carrying out "three-encouragement and three-opposition" activities in urban and rural areas in the city having as their major content changing prevailing habits and customs, industry and thrift, and spending holidays in a civilized way. We do away with outmoded conventions and bad customs, and initiate new civilized habits. Second, unleash varied and colorful cultural activities in the community. In recent years, two city-wide cultural and artistic festivals have been held one after another, many cultural and artistic joint performances and exchange performances have been given by the masses in the city, and civilian lantern festival and fireworks evening parties have been held on a trial basis. These activities have met the multilevel cultural requirements of the masses, and also carried out education through entertainment. They have served the purpose of invigorating the body and mind, and of molding people's temperament. Third, step up the building of occupational morality in various trades and industries. With "happy with Wujiang" activities as the dragon-head, and with several "window" industries as emphases, we have carried out the "Norman Bethune Cup" emulation drive in a deep-going way among public health departments and affiliated organizations, activities to "create three-excellent stations, and build civilized road sections" among communications and traffic police departments and affiliated organizations, and "three-excellent, one-satisfied" capture-cup emulation activities among commercial supply and marketing departments and affiliated organizations. These activities have promoted an improvement in service attitude and the raising of occupational moral standards in various trades and industries. Fourth, improve mass building activities. On the basis of activities to build civilized units which have been carried out over the years, we have extended these activities to every family and citizen, developing them into a series of activities to build civilized staff and workers, new custom households, civilized units, and civilized towns and townships on a more extensive and mass basis, and have

learned through in practice a set of methods and measures of demonstration by typical examples, emulation and appraisal, and dynamic management.

4. Do a good job in comprehensive control of social security in a down-to-earth manner so as to provide a stable social environment for the healthy development of a socialist market economy.

In the comprehensive control of social security, first of all we grasp various kinds of basic work, and constantly improve the on-guard mechanism. We have put much effort into grasping the building of mass guard and mass control organizations. Full-time joint guard teams have been set up in various towns and townships and in a number of villages, and security and mediation organizations in the neighborhood of cities and towns, and in public undertakings and enterprises have been constantly replenished and strengthened. We have developed security building activities within basic level organizations in a deep-going way; for example: Building qualified financial accounting offices and qualified storehouses, stepping up management of population from outside, and having a combined comprehensive control responsibility system, with the enterprise economic responsibility system for check-up. We have laid stress on the education of teenagers. To care for the next generation, working committees at the city, town, and township levels have made concerted efforts with comprehensive control offices at various levels, and have done their jobs in schools and families. Second, we uphold supporting justice and doing away with evils, and resolutely attack various kinds of criminal activities. We aim our spearhead of attack at serious criminal activities that endanger social stability, such as murder, robbery, rape, and major theft, thus effectively attacking the arrogant airs of the criminals. We also have unrelentingly banned and attacked corrupted and ugly phenomena, such as prostitution, visiting prostitutes, and spreading obscene articles, thereby vigorously containing the "six pests." Moreover, we give wide publicity to and commend heroic figures who are ready to take up the cudgels in a just cause and who are daring in carrying out a life-or-death struggle against criminal elements at this critical moment, so as to develop justice and to mobilize and encourage the broad masses of the people to rise in struggle against criminal elements. As a result of stepping up comprehensive control, the social security situation in our city has been quite stable for many years, and there were some decreases last year in the incidence of both ordinary criminal cases and felony, special, and major cases.

III. Strive To Train and Bring Up a Contingent of Basic Level Cadres Good at "Grasping With Two Hands"

The key to whether or not the strategic policy of "grasping with two hands" can be implemented at the basic level lies in having a contingent of basic level cadres who are good at "grasping with two hands." Therefore, while stepping up the building of socialist spiritual civilization, we have conscientiously strengthened party building with the building of the leading body as emphasis, made efforts to train and bring up a contingent of basic level cadres that

understands the party's basic line in all its aspects, is capable of steering and controlling the overall situation, and is good at "grasping with two hands."

First, arm the basic-level cadres with the theory of building socialism with Chinese characteristics, constantly improve their political quality, and fundamentally strengthen their consciousness of "grasping with two hands." With the continuous development of the economy in the coastal areas, the basic-level cadres are highly conscious of grasping the economy and entering a new stage, and as their day-to-day work is very heavy, it is easy for the tendency of one hand hard and one hand soft to appear. To overcome this problem, we believe the key lies in arming their minds with the party's basic line and improving their political quality. Over these years, through the winter training of cadres each year and through training in rotation and by stages in the party school, we have concentrated our efforts on grasping well the education on the party's basic line. Cadres are required to understand all aspects of the basic line of "one center, two basic points" by linking their ideas with practical work, and by handling well the relationship between economic growth, and the socialist orientation and goal; the relationship between reform and opening-up, and the basic socialist principles; and the relationship between the material basis, and spiritual pillar; so as to help leaders at various basic levels establish of their own accord the consciousness that the more developed the economy, the more party building and the building of spiritual civilization should be taken as a tough task to grasp. Since this year, we have specially organized training courses for comrades who have newly joined the leading bodies, after changing sessions to study the theory of building socialism with Chinese characteristics, and have lectured them on the quality requirements for leading cadres, and on Wujiang's tradition of "grasping with two hands." We also have frequently organized entrepreneurs to study the new situation and the new tasks of economic growth, and the place in history and responsibility of socialist entrepreneurs themselves, so as to help these "head rams" in the frontline of economic construction to constantly strengthen their sense of political responsibility, and enhance their consciousness of "grasping with two hands."

Second, study new situation, try to learn new countermeasures, and help the basic-level cadres master the skills of "grasping with two hands" so as to meet the new requirements of a socialist market economy. We have specially organized a great discussion on "how to be a good party committee secretary," and have concentrated on the study and discussion of the ways and means by which the number one man of a basic-level party committee both grasps the economy and takes charge of party work. We have held study meetings on ideological and political work, and have organized comrades on the ideological and political front and those engaged in economic work to study together the objectives and measures for strengthening ideological and political work under the new situation. Through constant study and investigation, a number of working standards, rules, and regulations favorable to "grasping with two hands" gradually have taken shape

throughout the city. We also have introduced the method of training by exchanging posts, and under the premise of basic stability each year we have made some cadre exchanges between party affairs departments and economic departments, and between government organizations and townships and towns so as to help young and promising cadres acquaint themselves with different posts and improve their skills of "grasping with two hands."

Third, leading cadres set an example themselves; they educate and influence the masses by their own images and strive to improve the results of "grasping with two hands."

The quality and images of the leading cadres themselves are of extreme importance in whether or not they can "grasp with two hands, and both hands be tough." We emphasize that if the masses are required to be selflessly dedicated, then first of all the leaders should be selflessly dedicated; if the masses are required to struggle hard for development, the leaders should be in the vanguard of struggle first. The leaders themselves must be tough before they can ensure that both their hands are tough at work. At the mobilization meeting on "devoting ourselves to the collective, and dedicating ourselves to the cause" which was held early this year, we invited a number of cadres who had done arduous pioneering work, forged ahead courageously in development, and been honest in performing their official duties for twenty years to mount the platform in one day and lecture more than 400 basic-level leading cadres throughout the city on tradition, on doing pioneering work, and on dedication. In addition, we have achieved rather good results in education through demonstration. In the past few years, either in the days and nights of flood combat and disaster relief, or in concentrated joint battles to fulfill key projects, either in fierce competition during high-speed development, or at times when we met with difficulties and frustrations, various levels of leadership took the lead in hard struggle and stood at the forefront of development, bringing into play the role of the mainstay. It was precisely the basic-level leading cadres who set examples themselves which ensured and promoted the sustained development and all-around progress of building two civilizations in the city.

Military

Liu Huaqing Addresses Discipline Inspection Work

OW3108054693 Beijing XINHUA Domestic Service in Chinese 1116 GMT 30 Aug 93

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 30 Aug (XINHUA)—Speaking at an all-army discipline inspection work conference today, Liu Huaqing, Standing committee member of the Political Bureau of the CPC Central Committee and vice chairman of the Central Military Commission, urged leading army officers and organs at all levels to take the lead in displaying the good traditions of the party and the Army in building party style and clean administration.

Liu Huaqing said: The Army shoulders an important mission in building party style and clean administration. The Army's party committees at all levels have made great efforts and scored some achievements in this regard over the past few years. The majority of party member-cadres are upright; the style of the Army as a whole is good; and there are many role models in the Army who perform duties with honesty and are ready to sacrifice. The progress made in the Army's modernization drive closely depends on the hard work of the leading party members and officers. Liu Huaqing said: While noting these achievements, we must recognize that the Army still has much to do in building a fine party style and clean administration to meet the requirements of the party Central Committee and the Central Military Commission. Our Army is a progressive collective with a high degree of ideological awareness, fine moral quality, and strict organizational discipline. As the Army has always exerted a significant influence in the formation of the spiritual outlook of the entire society, the Army should be the vanguard in building socialist spiritual civilization and face a higher demand in building party style and clean administration.

Liu Huaqing pointed out: To strengthen the building of party style and clean administration in the Army, it is necessary to closely follow the important speech by Comrade Jiang Zemin and adhere to the guidelines of the Second Plenary Session of the Discipline Inspection Commission of the CPC Central Committee in continuing to deepen the "Central Military Commission's Decision on Displaying Good Traditions and Strengthening the Building of Clean Administration." The military commission has studied and decided that particular attention must be paid to the following four aspects of the work in the near future: 1) ensuring a good job in study and education; 2) trying seriously to find a solution to the existing problems; 3) concentrating forces to investigate a number of cases; and 4) screening and consolidating productive operations.

Liu Huaqing stressed: What is most important for strengthening the building of party style and clean administration is that leading cadres and departments in the Army must behave in an exemplary manner themselves. They must correctly understand and use the power at their disposal in serving the people wholeheartedly. Putting a special demand on high-ranking cadres in the Army, he said: High-ranking cadres in particular should continually temper their party spirit and step up the effort to transform their outlook on the world so that they can truly be aware of the fact that any behavior of power abuse means betrayal to the party and the Army. They should earnestly learn from the older generation of revolutionaries in fighting corruption and performing duties honestly and diligently. They are required even more to observe discipline and to carry out decisions firmly of the Central Military Commission and the Army headquarters. They must strictly enforce prohibitions and do things according to rules and regulations. High-ranking cadres in the Army must set a good example in implementing the five requirements for performing duties with honesty by leading party and government cadres, which were reiterated by the

recent Second Plenary Session of the Discipline Inspection Commission of the CPC Central Committee.

Liu Huaqing stressed the need for the Army to put more energy into the work of building party style and a clean administration. All levels of party committees must take up the responsibility in a down-to-earth manner and enhance organizational leadership. Party secretaries and deputy party secretaries must be personally involved in the work, practice coordination, and jointly do a good job in this important matter. First and foremost, party committees must strongly persist in principle and be combative; adhere to the system on inner party life; and conscientiously hold criticism and self-criticism sessions. It is necessary to earnestly check the progress of building clean administration at all levels of party committees and do a good job on cadre assessment. Personal honesty and integrity should be made one of the important criteria in selecting and promoting cadres. All levels of party committees should fully bring into play the functions and roles of discipline inspection committees and discipline inspection departments.

In conclusion, Liu Huaqing said our Army has the correct leadership of the CPC Central Committee, the excellent tradition built up in the long revolutionary struggle and practice, and a contingent of cadres and party members with excellent ideological and political quality. As long as we rally still closer around the CPC Central Committee and the Central Military Commission with Comrade Jiang Zemin at its core, and work very hard with one heart and mind, we will surely and constantly enhance the building of a clean administration and push forward our Army's revolutionization, modernization, and regularization construction.

Yu Yongbo, member of the Central Military Commission and director of the PLA General Political Department, presided over today's meeting. Zhang Wannian, member of the Central Military Commission and chief of General Staff, and Fu Quanyou, member of the Central Military Commission and director of the PLA General Logistics Department, attended the meeting.

The All-Army Discipline Inspection Working Conference was held in Beijing 27-30 August. The major agenda of the meeting was to seriously transmit and study the important speech of Comrade Jiang Zemin and the guidelines set forth at the Second Plenary Session of the Central Commission for Discipline Inspection, sum up and arrange the work of enhancing a clean-administration building in the Army, and study ways to unremittably adhere to and do a good job in implementing the "Decision of the CPC Central Military Commission on Carrying Forward the Excellent Tradition and on Enhancing the Work of Building a Clean Administration." Attending the meeting were leading comrades from the PLA General Staff Department, General Political Department, and General Logistics Department; major responsible comrades and discipline inspection secretaries from the major Army units and the Armed Police; members of the Central Commission for Discipline

Inspection in the Army; members of the discipline inspection committee under the Central Military Commission; and the leading comrades from the Central Military Commission's General Office.

Military Leaders Attend Opening of PLA Academy

OW3108145593 Beijing XINHUA in English 1412 GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—The Logistics Command Academy of the Chinese People's Liberation Army (PLA) was inaugurated here today.

Jiang Zemin, general secretary of the Communist Party of China (CPC), state president and chairman of the Central Military Commission, wrote the name of the academy for its signboard in his own calligraphy. Vice Chairmen of the Central Commission Liu Huaqing and Zhang Zhen, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference Hong Xuezhai and State Councillor and Minister of National Defense Chi Haotian wrote inscriptions of congratulations.

Fu Quanyou, member of the Central Military Commission and director of the General Logistics Department of the PLA, delivered a speech at the ceremony to mark the inauguration of the academy. He said that the Central Military Commission had decided to restore the Academy of Logistics of the Chinese PLA and to change its name to the Logistics Command Academy of the PLA so as to allow the rear services of the PLA fit in with the needs of military strategy in the new period.

As the only one of its kind in China, the newly-established academy will train middle-ranking logistics officers for the whole PLA.

Also present at the inauguration ceremony were Zhang Wannian and Yu Yongbo, chief of the General Staff and director of the General Political Department of the PLA, respectively, both of whom are members of the Central Military Commission.

PLA Publishes Books on Deng Xiaoping Theory

HK3008154493 Beijing JIEFANGJUN BAO in Chinese 21 Aug 93 p 1

[Report by Shen Du (3088 6236): "The PLA Makes Tangible Results in Publishing Deng Xiaoping's Works and Books on the Study of His Theory"]

[Text] Beijing, 20 Aug (JIEFANGJUN BAO)—In coordination with the all-Army study of Deng Xiaoping's theory of building socialism with Chinese characteristics and his thinking on army building in the new period, in recent years, the Army's publishing houses have actively published Deng Xiaoping's works and books on the study of his theory and thus have achieved remarkable success.

Over the last few years, the Jiefangjun Publishing House and the printing houses of major units throughout the Army have reprinted approximately 6 million copies of the

Selected Works of Deng Xiaoping, have successively published 2.06 million copies of *Selected Readings of the Works of Mao Zedong and Deng Xiaoping* (a reader for soldiers), and have published hundreds of thousands of copies of *A Collection of Deng Xiaoping's Expositions on Army Building in the New Period*, which was compiled by the General Office of the Central Military Commission. The Lantian Publishing House has published *A Collection of Important Documents on Building Socialism With Chinese Characteristics*. These books have been distributed among all troops throughout the Army as the basic teaching materials of cadres and soldiers in their study. Since the Third Plenary Session of the 11th CPC Central Committee, the Army has published more than 15 million copies of 56 books which are directly related to Deng Xiaoping's works.

To help the troops study Deng Xiaoping's works, the Jiefangjun Publishing House, the Junshi Yiwu Publishing House, the Huang He Publishing House, and other publishing houses have also published a number of guiding reading materials.

Studying Deng Xiaoping's theoretical contributions and displaying his great practice is the "heavy task [zhong tou xi 6850 7333 2070]" of the various publishing houses working to publish good works. The *Study of Deng Xiaoping's Thinking on Army Building in the New Period* published by the Jiefangjun Publishing House and the *Study of Deng Xiaoping's Theory on Socialism* published by the Haichao Publishing House won the First and Second Awards of the Fourth and Fifth Chinese Book Reviews, respectively. The book *Study Series on Deng Xiaoping's Thinking* published by the Guofang Daxue Publishing House quite systematically reflects the scientific system of Deng Xiaoping's theory of building socialism with Chinese characteristics.

Economic & Agricultural

Zhu Said Facing Opposition in Restraining Economy

HK3108113093 Hong Kong HSIIN PAO in Chinese
27 Aug 93 p 22

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429): "Zhu Rongji Faces Numerous Difficulties in 'Putting Overheated Economy Under Control'"]

[Text] Since the beginning of July, starting with rectifying financial order, the CPC authorities have begun to put the overheated economy under control (called "economic control" for short). It is said that Zhu Rongji, member of the Standing Committee of the Political Bureau and vice premier of the State Council in charge of the "economic control" work, made a commitment to "achieve initial results within three months and put an end to the confused situation within six months" in exchange for Deng Xiaoping's support. Less than two months have passed since the "economic control" drive was started, but the media organs have reported one after another that the 16-point macroregulation and control measures transmitted by the

CPC authorities to lower levels in early July have yielded initial results. For example, Zhu Rongji should have been greatly praised, but a source from Beijing said that in fact, he got more pressure than praise. Zhu himself did not feel optimistic. This state of affairs shows that the change from the planned economic structure to the socialist market economic structure is no easy job. If something goes wrong, it is not unlikely that the reformers will suffer setbacks.

Initial Results Have Been Achieved, But the Situation Is Not Promising

The source said: "It is true that initial results have been achieved thus far in implementing the CPC Central Committee's Document No 6 (which contains the 16-point macroregulation and control measures). These results are manifested mainly in the fact that the runaway loan repayments [huan dai 6703 6313] and interbank leading have been put under control, the wanton raising of funds has been considerably checked, the property and development fever has cooled off, savings deposits have picked up, and the exchange rate of the Renminbi has steadied, but there are still some problems that should not be overlooked."

For example, banks in various localities failed to recall the unregulated loans before 15 August as required. It has been learned that the financial institutions represented by the People's Bank of China, four major specialized banks, and the People's Insurance Company of China recalled just half or more of their total leading, or 70-80 percent of their total at best. Consequently, the State Council had to extend the deadline to September. Whether or not all the funds can be recalled by then is anybody's guess.

For another example, the "debt triangle" defaults among enterprises have reemerged. The "debt triangles," which emerged since reform was launched on the mainland, amounted to as much as 200 billion yuan or so two years ago, when Zhu Rongji personally took charge of the work to clear the "debt triangles." He took such measures as having the central authorities allocate 35 billion yuan to clear the debts and generate fund usage, thus basically clearing the "debt triangles." However, since the drive to put the overheated economy under control was launched, there have been fund shortages because the money supply was tightened and many enterprises had not yet collected the money from the sale of their products. Consequently, the "debt triangles" reemerged quietly and amounted to some 200 billion yuan, thus hampering enterprises' normal economic activities.

Again, for another example, the reform of changing the way large and medium-sized state-owned enterprise operate has not been fully implemented and the chronic malady of poor economic efficiency has not yet been cured once and for all. Moreover, in the last few years the dynamic enterprises outside the state-owned economic sector have been subject to new restrictions in such areas as credit. All this shows that the "economic control" will unavoidably bring about certain "negative effects," and

there are still many worrisome elements in economic life which should not be underestimated.

The Current "Economic Control" Is Different From the "Rectification of Economic Order"

The source went on to say: Zhu Rongji's current "economic control" should not only bear the pressure of "negative effects," but all the more bear man-made pressures, which surfaced the moment the decision on the "economic control" was made. At an executive meeting of the State Council in the last ten-day period of June, Yao Yilin, former member of the Standing Committee of the Political Bureau of the CPC Central Committee, and Wang Bingqian, vice chairman of the Standing Committee of the National People's Congress [NPC], criticized Zhu Rongji, who was in charge of the macroeconomy, for not promptly stressing that macroregulation and control were the main roots of confusion in banking, finance, and taxation, and of the losses of control in capital construction, real estate, stock issuance, development zones, and other fields of endeavor.

In the last ten-day period of July, Li Ximin, Chen Muhua, and Wang Bingqian, vice chairmen of the NPC Standing Committee, and several Standing Committee members sent a jointly signed letter of suggestions to the Political Bureau of the CPC Central Committee, asking if the current phenomena of "fever," "confusion," and "blindness" prevailing in the economy are unavoidable mistakes, or if they are errors committed by the Central Committee in terms of guidance. The letter maintains that relevant comrades in charge of the Central Committee and the State Council must bear some responsibility for the current serious economic problems, and suggests that we base ourselves on China's own national conditions and our own efforts.

At the same time, some Councillors in the State Council pointed out: Now that something has gone wrong with the banking, financial, and taxation sectors, which need to be improved and rectified, why should we fear mentioning "improvement and rectification" and instead mention only "macroregulation and control" and "economic control"?

Market economy experts in Beijing economic circles pointed out: Although the abovementioned leaders directed their opinions at Zhu Rongji, in fact, they hinted obliquely at Deng Xiaoping. Some of them simply could not see the difference between the current "economic control" and the "three years of economic improvement and rectification."

First, the principle governing the current "economic control" is to "deepen reform, transform the mechanism, optimize the structure, and improve efficiency." It has a marked political tint, and moreover, it stresses that indiscriminate copying of the traditional planned economic means should be avoided and that strengthening macroregulation and control does not mean an overall contraction. During the three years of economic improvement and rectification, a principle of "taking back delegated powers,

imposing monopoly control, effecting an overall contraction, and strengthening control command" was pursued.

Second, the current "economic control" adheres to "making the market play a basic role in the distribution of resources under state macroregulation and control." This correct formulation set by the 14th CPC National Congress regards "banking, finance, and planning" as three great pillars of macroregulation and control, and gives particular prominence to the regulatory and control role of "banking and finance." It views "planning" as one of regulatory and control means. During the three years of economic improvement and control, a policy of "bringing the basic role of the market in the distribution of resources into full play under the guidance of state plans" was adopted which laid particular stress on "the guidance of state plans."

The experts held: The facts will prove that only the macroregulation and control measures with which to put the overheated economy under control will be able to create a sound environment for the development of the economy. **Leaders' Sense of the Market Has Been Enhanced** [subhead]

The source went on to say: Although the "economic control" move, which gives prominence to macroregulation and control and is personally led by CPC General Secretary Jiang Zemin and directly managed by Zhu Rongji, met with pressure from within and without, the sense of the market on the part of members of the higher echelons of CPC leadership has been greatly enhanced.

In his recent inspection tour to Jiangsu, Jiang Zemin said: "In the process of establishing a socialist market economy, one important issue is to pay close attention to macroeconomic regulation and control. The market economy must have macroregulation and control. Regulation and control mean guidance rather than intervention. To fully develop the economy, we must combine macroeconomic regulation and control with the development of the market economy. It is not good to have the economy subjected to pressure, and naturally, neither is it good to let it drift and even slide to the point of no return. Meanwhile, we must give better guidance to, rather than interfere with, the developing market economy so that it will develop in a healthy manner in the direction of establishing a market economy structure." He also said: "To achieve a smooth transition from the planned economy structure to a market economy structure, we must try our best to avoid major deviations, and twists and turns. This is a practical major topic that calls for earnest study."

It is generally held that through the current drive to put the overheated economy under control, the CPC authorities will devote greater efforts to the establishment of the market economy structure. At the same time, how to help local leaders gain a better understanding of the market economy will be listed as an important topic for discussion because only when local leaders' sense of the market is enhanced can government decrees be implemented smoothly.

Statistics Bureau Spokesman on Macrocontrol Measures

HK3108142793 Beijing GUANGMING RIBAO in Chinese 18 Aug 93 p 1

[By reporter Sun Mingquan (1327 2494 3123): "Exclusive Interview With State Statistics Bureau News Spokesman on Initial Results in Strengthening Macroregulation and Control"]

[Text] Beijing, 17 Aug (GUANGMING RIBAO)—In view of the problems cropping up in the operation of the economy, the state recently adopted a series of measures, one after another, to strengthen macroregulation and control. What results have these measures yielded? In an exclusive interview with this reporter here today, senior statistician Zhang Zhongji, news spokesman of the State Statistics Bureau, pointed out: The measures to strengthen macroregulation and control have yielded initial results and the national economy is operating in a good direction, but problems remain very pronounced. In the next step, we must combine the effort to "put an end to economic confusion" and "cool off" the overheated economy and the effort to deepen reform, so as to maintain steady economic growth.

Zhang Zhongji set out the main bases for his judgment:

1. The excessively high industrial growth has slowed down considerably. According to statistics, the July output of industrial enterprises at and above the township level in China increased by 25.1 percent from the same month last year, but dropped by 5.1 percentage points compared with the June figure. Production and marketing were in relatively good shape. The accumulated manufactured goods sales rate from January to July was 94.46 percent, an increase of 1.61 percentage points from the same period of the previous year.

2. The number of newly launched projects in fixed-asset investment has diminished, and the real estate and development zone fever has begun to cool off. The specific manifestations are as follows: In July, the numbers of capital construction projects and of modernization and transformation projects newly undertaken was 4,565, a drop of 6,372 projects [figure as published] from the previous month. The ratio of investment in the newly launched projects in the country's total dropped from 36.6 percent last month to 31.6 percent. Compared with the same period last year, investment in commodity housing decreased from 239 percent last month to 118 percent. The growth in investment in local projects dropped from 86 percent last month to 72.3 percent.

3. The consumer goods market has continued to prosper and stabilize, there have been marked changes in the capital goods market, and speculative behavior in the circulation sector has disappeared considerably. These are demonstrated by the following facts: The supply of most commodities exceeds demand or their supply and demand are roughly balanced; the shopping spree for "hot point" commodities has cooled off, turning the spree into a wait-and-see attitude; and institutional spending in society has been checked to a certain extent. In July, the volume of

group purchases in society dropped by 2.7 percentage points. The sale of means of production slowed and their trading transactions dropped. The contradiction between the supply and demand of major goods and materials was alleviated considerably, prices went down, and inventories continued to pick up.

4. In foreign trade, exports have gone up, and the renminbi rate in foreign exchange swap markets has picked up and steadied rapidly. In imports and exports for July, China had a surplus of \$3.038 billion after deducting the portion of foreign exchange which had not been collected and paid [bu shou fu 0008 2392 0102]. The rate of the renminbi against the U.S. dollar in swap markets gradually went up from approximately 11 yuan for 1 U.S. dollar in June to approximately 8.8 to 1, a price level roughly at a basic balance between market supply and demand.

5. Initial results have been achieved in rectifying financial order; the savings deposits of the residents have picked up by a wide margin; and less money has been put into circulation. As the breakthrough point of rectifying financial order various specialized banks have taken stepped-up efforts to sort out and call in the interbank lending funds that violated regulations. In July, they withdrew 17.6 billion yuan in lending funds. At the same time, in July, the total of new savings deposits of the urban and rural population amounted to 40.05 billion yuan, 26.9 billion yuan more than the same period last year.

These statistics show that a positive change has taken place in the operation of the economy, and the state's decision to strengthen macroregulation and control is correct and timely. However, Zhang Zhongji also pointed out: Because we are currently in the period of a new structure replacing the old, the economic situation is quite complicated. It takes a long time to solve some problems, and the measures to strengthen macroregulation and control were taken not long ago, so some time still is needed to achieve overall results in implementing them. The positive effects we have witnessed so far are just initial. Problems remain relatively pronounced, and they are manifested, in a concentrated way, in such facts as the capital construction front being overstretched; the problem of the overexpanded scope of fixed-asset investment has not yet been solved; prices keep climbing; financial difficulties are still around; as money supply is tightened, enterprises are universally confronted with strains in funding; and mutual defaults are intensifying.

In conclusion, Zhang Zhongji suggested: In the coming period, macroregulation and control should be intensified appropriately. We must keep ourselves from continuing to strengthen macroregulation and control just because prices keep climbing; the credit structure must be conducive to the readjustment of the economic structure; proper and necessary loans should be extended; and the strengthening of macroregulation and control should be combined with the acceleration of reform.

Factors Constraining Macroeconomic Regulation Examined*HK3008091493 Hong Kong WEN WEI PO in Chinese
24 Aug 93 p 3*["Special article" by staff reporter Wu Fei (0702 2431):
"Nine Constraining Factors Face Regulation and Control"][Text] Shanghai, 23 Aug (WEN WEI PO)—"Crossing the
River by Groping About"

A recent issue of Beijing RENMIN ZHENGXIE BAO carried an article analyzing China's macroeconomic regulation and control in recent years. The article said: Since reform was introduced, we have often heard the saying "Crossing the river by groping about." Now we have been groping about for more than 10 years, and we have gained some valuable experience. However, since we did not really exert great effort to exercise macroeconomic regulation and control, we now see chaos in the process of groping with regard to some issues. The article enumerated a series of phenomena as examples. First, the state of "laissez-faire" in which no relevant laws are available to offer guidance. Since the reform, China has experienced four rounds of capital construction. Nevertheless, those bottleneck issues which have existed for many years have been further aggravated instead, whereas investments in basic industries have been insufficient. Let us cite power supply as an example. It is reported every year that China's industries run about 30 percent below their full production capacity because of power shortages, which results in a loss of over 100 billion yuan in the country's output value. In spite of this, a large amount of power is still being consumed to develop trades of no strategic importance. For instance, high-class hotels have been built everywhere throughout the country, and local power consumers have played every possible trick to seek a bigger share of power allocation. The issue concerning banks is another example. After reform of the enterprise operational mechanism was introduced, many operations of the enterprise, such as raw material supply, product marketing, and housing and medical service for the staff, have already been placed under market regulation. But banks are not affected at all. They do not follow and are not subject to strong constraint by the rules of market economy, but are still securely keeping the monopoly, exercising full power in deciding on loan amounts, and setting the interest rate. People can see gorgeous bank buildings everywhere, from large cities to small towns, and bank employees enjoy better welfare than others. These are facts obvious to all. Irrational State of Ignorance of Existing Laws [subhead]

Second, the irrational state in which people simply ignore existing laws. We have the "Law on Land", but this "Law on Land" cannot protect our land resources. China's per capita share of farmland is merely 1.4 mu, and the country's farmland, which accounts for only 7 percent of the world's total farmland area, is supporting 22 percent of the world's total population. In spite of this, irrational construction and development projects are still continuing to encroach upon farmland in China year after year. Arbitrary development and construction in recent years has aggravated the situation—China sees a net decrease of over 5 million mu a year in its farmland area. As different

localities have been vigorously launching projects to build development zones since the latter half of last year, 9,000 development zones have eaten away more than 24 million mu of farmland all of a sudden, which is equal to 2 percent of the country's farmland area. We have promulgated our "Law on Water," but the number of rivers with clear water is decreasing every year. We do have the "Law on Enterprise," but our state-owned enterprises are facing numerous difficulties and keep on complaining about their difficult situation.

Third, the chaotic state in which orders are issued by different departments and there is no distinction between the superior and the subordinate. In the past few years, fake medicines have flooded the market. Sampling surveys conducted in different localities show that 30 to 50 or even 70 percent of hospitals and companies have been found using or dealing in fake medicines. As a result, there have been more and more cases of victims of fake medicines. Repeated orders and bans by the government have been proven futile. Why? One would know why if one looks into the situation in medicine control. As far as medicine administration is concerned, the State Pharmaceutical Administration is in charge of medicine manufacturing and marketing, while the Ministry of Public Health is in charge of medicine control. As far as the administration of the pharmaceutical trade is concerned, the State Administration of Traditional Chinese Medicine is responsible for control of Chinese medicine, while the State Administration of Western Medicine is responsible for control of Western medicine. The Ministry of Public Health is in charge of blood product control, while the Ministry of Commerce is in charge of biological medicine control. As for market administration, either the pricing, industrial and commercial administration, public health, public security, or taxation departments can have a say or simply shirk their duties.

Fourth, the state of "running" in which people are always in pursuit of what is called fashionable. In the year 1992 alone, we first saw the drive of "smashing the Three Irons." Then the rage of cultural festivals with different themes ranging from promotion of fruits, flowers, grasses, wines, and beverages, to entertainment—more than 1,600 so-called festivals were sponsored in that year. Then came the craze of founding companies, with banks running real estate companies, financial bureaus running securities companies, construction commissions running building material companies, and vehicle control offices [jian li suo 4]48 3810 2076] running automobile repairing works. Meanwhile, there was a development zone fever. So we had four tides in a year, which were enough to keep people really busy.

Fifth, the state of impotence in which repeated bans are ignored and the government's ability is not equal to its ambition. Over the past more than 10 years of reform, macroeconomic regulation and control has always lagged behind social development, so we have to take remedial actions again and again. For instance, the "ban on arbitrarily raising prices," the "ban on arbitrarily raising funds," the "order to strictly prohibit staff of party and

government organs from accepting and presenting money tokens and negotiable securities while performing official duties," the "urgent circular on examination and ratification of land leases strictly according to law," and so on. Such being the case, functional departments have all become "fire fighters" who are kept busy all the time.

Leading Officials Make Arbitrary Decisions

Sixth, leading officials have always made arbitrary decisions, which is the primary factor hindering macroeconomic regulation and control. Let us take the real estate business for example. Plots of land that are allocated free of charge have been used by some localities and departments as a kind of capital that can bring them profits. The price of land is said "to be determined by the mayor rather than by the market." With regard to the operation of the market, although there is a serious shortage of civil housing and the vast majority of staff, workers, and residents are supplied with just enough food and clothing, the government has not encouraged and ordered the development of low-priced housing projects, but has adopted a laissez-faire policy toward real estate developers, letting them build high-grade office buildings and luxurious houses in pursuit of high profits.

Seventh, "local autocrat economy" and local protectionism. The gradual delegation of power by the central authorities to localities, administrative division of power, plus weak restraint have resulted in prevailing local protectionism. Some localities have set up many local trade and non-trade barriers, giving rise to the "local autocrat economy," diversification of social wealth, and the decrease in the proportion of the government's financial revenue to the society's total financial revenue. Tax office outposts have been set up everywhere in both urban and rural areas, there is an overheated tide of capital construction investment, and rages for establishing companies and launching development zone projects abound. All these are related to local governments.

Eighth, the practice of blindly following superiors' orders and trimming one's sails. Some officials perform their duties for the sake of holding their positions. They blindly follow their superior's orders and are short-sighted in seeking short-term interests. For this reason, they echo whatever decisions and policies. So the government has no chance to assess and revise its policies. For example, in some small cities at the county level, even party secretaries and mayors have joined others in running part-time businesses, selling cigarettes and wine at flea markets on Sunday, as a gesture in support of the market. Now, before these officials have achieved any success in promoting "second careers," many people have stepped forward to call on them to save their "first career."

The Lack of an Effective Supervisory System

Ninth, the lack of an effective supervisory and regulatory system. Now, when we review what has been done in the past, we find that, for every decision or policy that was found inappropriate, people were not allowed to criticize them when they were first put forth. Nobody has even been

held responsible for however great losses caused by such decisions or policies. Recently, as some localities are stopping some development zone projects and reassigning plots of land for farming, they are praised as lavishly as they were when they launched development zone projects. The press, which should have played a supervisory role, has instead played a part in promoting the craze.

The article said: Any great economic reform will inevitably be a political reform as well, and, under certain circumstances, economic reform has relied too much on the support of political reform. The intensification of the central government's macroeconomic regulation and control will depend on correct decisionmaking and effective control. This implies three key points: 1) a scientific decisionmaking process and decisionmaking body; 2) the control ability that can ensure the effective implementation of orders and prohibitions; and 3) an effective supervisory and regulatory mechanism. In conclusion, this article entitled "Macro Regulation and Control That Is Staggering Along" noted: What is gratifying is that satisfactory results have been scored since the implementation of the measures to effect macroeconomic regulation and control early last month, and all indications have shown that the current macroeconomic regulation and control definitely can fulfill its expected goal.

Article on Developing Nonstate-Run Economy

HK3108023393 Beijing JINGJI RIBAO in Chinese
19 Aug 93 p 5

[Article by Zhong Pengrong (6988 2590 2837): "Five Problems on Expediting the Development of the Nonstate-Run Economy"]

[Text] Throughout the whole period of reform in our country, competition among enterprises will not be competition merely in terms of products, it will be a competition in terms of production style and management system. Those production styles and management systems which are not helpful to the development of productive forces will eventually diminish and vanish in the course of competition, whereas those production styles and management systems which are helpful to the development of productive forces will eventually develop and expand in the course of competition, and occupy an increasingly dominant position. Over the past decade, the reason why nonstate-run economy broke through various kinds of barriers and developed and expanded rapidly was because it had a more stringent restraining mechanism and a more flexible operation mechanism, thus it had more efficiency. Regarding this kind of production style which suits China's situation and is conducive to China's economic development, we should actively support it, lift it from various unfavorable positions in competition, overcome certain shortcomings it now has, and enable it to have a healthier and faster development.

In order to enable nonstate-run economy to develop faster, efforts should be made to solve the following problems in the near future.

First, remove worries for the development of nonstate-run economy in terms politics and law. When many nonstate-run enterprises develop to a certain extent and have profits, they face the problem of how to use the profits. Should they use the profits to develop enterprises and expand production, or should they increase consumption and send the funds abroad. Obviously, we should encourage them to expand production. But to expand production, they have to hire more workers. When there are more workers, what would happen in the future? This is a problem which worries a large number of nonstate-run entrepreneurs. One of the reasons for the extravagance among some nonstate-run entrepreneurs who have just become rich is because they exhibit short-term behavior. This kind of short-term behavior comes from a sense of political insecurity. Therefore, to make it favorable for the development and growth of nonstate-run enterprises, the first thing to do is to remove worries for nonstate-run entrepreneurs in terms of politics and law.

Second, reduce tax burdens. In recent years, there has been a mechanism causing a vicious circle in our country, that is, the people who directly create wealth and even make great contributions, earn very little; thus, the people's enthusiasm for directly creating wealth decreases and everyone goes to a government office or unit to look for an easy job to drift along aimlessly. The consequence is that government offices and units are overstaffed, more and more people in society have to be fed by others, the number of those who directly create wealth decreases comparatively, and the burden becomes heavier. We should form another kind of mechanism to allow the people who directly create wealth to have a very light tax burden and to have a very high income in terms of proportion. We should make more people want to establish enterprises and create wealth and enable the number of those who have to be fed by others in society to decrease automatically. Because the number of those who have to be fed by others decreases, the tax load of those who directly create wealth will lighten further. In order to form this kind of mechanism, we should give a light tax burden to small nonstate-run enterprises or even implement zero tax policy. For example, regarding the nonstate-run enterprises which have an annual income of less than 10,000 yuan, we should implement the tax waiver policy so as to encourage more people to run enterprises and create wealth for society.

Third, it is necessary to straighten out title relations. At present, a large number of nonstate-run enterprises follow the collective ownership system. This kind of ownership system can arouse more enthusiasm compared with state-run enterprises. But it also has some fatal weaknesses. There are two main problems: 1) Regarding the title, the owners are equal in name but are not equal in fact. In a collective enterprise, the founders, newcomers, old staff who have worked for several decades, and new staff who have just entered the factory are owners on equal footing. This is obviously unequal, because they differ greatly in their contributions to the enterprise. 2) The owners cannot fully enjoy the ownership of the assets of the enterprise. As owners of the collective enterprise, when they work in the enterprise they can obtain income, including income from labor and title, but when they leave the enterprise or retire,

they will immediately lose ownership over the enterprise. Because of these two points, when many nonstate-run enterprises have just developed and become prosperous, internal disputes and short-term behaviors emerge, and enterprises lack long-term development plans and the motive force for accumulation. This is the main reason for the inadequate staying power for development among many nonstate-run enterprises. To solve this problem, it is necessary to further clarify title and delegate title to individuals through the partnership system, joint-stock system, and other systems.

Fourth, we have to expand the domain of operation for nonstate-run enterprises. At present, nonstate-run enterprises are restricted one way or another from entering many areas, such as finance, telecommunications, railway, and so on. Practice proves that when these areas are monopolized by state-run economy, they cannot work, or cannot work well. Nonstate-run economy has strong economic strength and a flexible operation mechanism. If these areas are open for them to enter, and if they are allowed to compete with the state-run enterprises on an equal footing, then not only can we expedite the development of these areas, but we can also improve the service quality in these areas.

Fifth, we must increase support for nonstate-run enterprises in terms of credit funds. The development of enterprises cannot part with the support of credit. At present, our country's credit funds are mainly used to support state-run enterprises, and the credit support for nonstate-run enterprises is very limited. Precisely due to the support of credit, the old systems of state-run enterprises can survive and continuously duplicate themselves. As a kind of force promoting economic development, credit should be used to help the enterprises with better returns to develop faster, and should not be used to constantly perform blood transfusions for enterprises with poor returns. The following measures should be taken to facilitate the flow of credit funds to nonstate-run enterprises: First, increase the proportion of bank loans for nonstate-run enterprises; second, develop nonstate-run financial organizations which mainly serve nonstate-run enterprises; and third, on the premise of strengthening macrocontrol and improving systems and laws, allow nonstate-run enterprises to increase direct fundraising activities in society, including the issuance of shares, bonds, and so on.

Statistics Show Slowdown in Industrial Output

HK2908074793 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 29 Aug-4 Sep 93 p 8

[Report by Qu Yingpu: "Slowdown in Industry Output"]

[Text] China's recent efforts to rein in credit have succeeded somewhat, as the country's industrial output growth slowed by 5.1 percentage points in July compared with the previous month.

The latest figures released by the State Statistics Bureau indicated that China's industrial growth last month stood at 25.1 percent, which equals the growth rate registered in the January-July period.

According to a report by the bureau, national industrial output hit 1.95 trillion yuan (\$342.3 billion) at 1990 constant prices in the first seven months.

Capital investment in the period was still huge, a major force driving industrial growth.

The report indicated that capital construction spending in State industries in the first seven months jumped 68.5-percent over the same period of last year to hit 156.85 billion yuan (\$27.52 billion).

Of that, 63.9 billion yuan (\$11.21 billion) went to projects under the administration of the central government, an increase of 48.1 percent. The remainder, 92.95 billion yuan (\$16.31 billion), went to enterprises under control of local authorities, which represented a 86.2-percent increase.

Manufacturing projects absorbed 110.23 billion yuan (\$19.34 billion), an increase of 63.9 percent over the same period last year.

Investment in non-manufacturing projects totalled 46.61 billion yuan (\$8.18 billion), up 80.6 percent, of which 17.04 billion yuan (\$2.99 billion) was spent on housing, up 68.4 percent.

Money spent on technical renovation in State industries in the January-July period hit 67.24 billion yuan (\$11.8 billion), up 67 percent.

Light industrial output jumped 22.5 percent to 911.18 billion yuan (\$159.86 billion), while heavy industrial output gained 27.4 percent to 1.04 trillion yuan (\$182.42 billion).

In the January-July period, State industries generated 1.05 trillion yuan (\$184.4 billion) worth of products, a 9.7-percent hike over the same period a year ago, while collective enterprises chalked up a 44.5-percent increase to 696.59 billion yuan (\$122.2 billion). Of the total output from collective firms, 422.22 billion yuan (\$91.62 billion) was generated by plants in rural areas, up 67.4 percent.

Foreign-funded enterprises and private firms reported an output of 203.32 billion yuan (35.67 billion) in the first seven months, an increase of 69.6 percent over a year ago.

The bureau's report also said energy production in the first seven months, however, still witnessed sluggish growth, totalling 622.46 million tons of standard coal equivalent, up only 4.3 percent over the same period of 1992.

Production of undressed coal climbed 5 percent to 639.93 million tons, while production of crude oil grew 2.8 percent to 84.983 million tons.

Natural gas production inched up 5.9 percent to 9.55 billion cubic metres, and production of hydro-electric power gained 1 percent to 77.35 billion kilowatt-hours.

A close look at other products in the first seven months of this year shows production increases for many major products with few exceptions. (See table).

Product	Unit	Output	Change (Percent)
Automobiles	thousand	821.6	40.7
TV sets	million	15 6975	-1.7
Colour TV sets	million	7 1733	-1.8
Washing machines	million	5.0274	14.2
Refrigerators	million	3.775	22.1
Yarn	million tons	2.8514	2.0
Chemical fibre for garments	billion metres	1.067	1.3
Cigarettes	billion	940.7	1.8
Beer	million tons	7.8162	24.7
Steel	million tons	50.542	11.6
Rolled steel	million tons	44.8559	21.3
Sulphuric acid	million tons	7.5526	-9.5
Soda ash	million tons	2.9561	15.8
Chemical fertilizers	million tons	12.2796	-2.7
Timber	cubic metres	22,560,000	-3.7
Cardboard	cubic metres	2,731,100	32.7
Cement	million tons	199.744	25.6
Flat glass	million boxes (1 box equals 50 kg)	61.3589	16

CHINA DAILY Comments on Product Quality Law

HK3108034593 Beijing CHINA DAILY in English
31 Aug 93 p 4

["CHINA DAILY Commentary: A Question of Quality"]

[Text] The Product Quality Law of the People's Republic of China is scheduled to come into effect tomorrow.

For the first time in history, Chinese consumers can rely on a law to protect their interests against fake, shoddy and sub-standard products while the State can resort to legal means to regulate the operations of industrial producers.

The government has come up with a few administrative decrees on product quality before, but none was strong enough to cope with the increasing demands of a booming market economy.

The Product Quality Law says consumers are entitled to repair or replacement of substandard goods or a refund. If they are injured or their property is damaged by poor-quality products they can demand compensation from the producers or retailers.

The law also lays down that industrial and commercial establishments making or selling potentially dangerous goods can be fined, and have their operations suspended and their goods confiscated.

Those guilty of criminal offences will be called to account according to law.

Stronger Awareness

Thus, the law certainly will play an effective role in guaranteeing the quality of Chinese-made products and the performance of industrial and commercial businesses.

Moreover, it will help foster a stronger awareness of commodity and service quality, which, unfortunately, is still woefully lacking among both producers and consumers.

The government has attached great importance to quality control, particularly during the last two years.

A series of crusades against fake and shoddy products has been launched nationwide with a concerted effort by consumer associations at different levels, other related organizations and the mass media.

Though significant progress has been made in some industries, the general quality of Chinese-made industrial products leaves much to be desired.

A recent inspection by the State Bureau of Technical Supervision revealed that one third of Chinese products are below State standards. For rural and private enterprises the figure is as high as 42 per cent.

Vital Issue

As China strives to improve its economic efficiency, quality control becomes an overwhelmingly vital issue.

For only with better products can China enhance efficiency, make the most of its industry and achieve sustained economic growth.

The law will also be of special significance if Chinese firms are to expand their exports.

Traditionally, China has relied on its low labour costs to compete in the world market and as a rule, the grade, quality and price of its goods are low.

But competition becomes increasingly fierce, low-quality products will hardly sell even if they have low prices.

When China restores its membership in the General Agreement on Tariffs and Trade, it will face an even stronger challenge from foreign merchandise.

The implementation of the first Product Quality Law marks a sure and big step forward in upgrading China's industrial production.

Nationwide Survey of Service Trades Initiated

OW3008223293 Beijing XINHUA in English 1608 GMT 30 Aug 93

[Text] Beijing, August 30 (XINHUA)—China started a nationwide survey of the service trades today.

This was announced at a national working conference that opened here today. The survey will cover all the enterprises, institutions, administrative units and mass organizations involved in the service trades in the mainland of China. They have been divided into 40 big categories and 150 medium-sized categories.

The contents of the survey will include indices of the units and personnel in the service trades such as the number of units and their employees; indices of operations, production and business, including income, costs and profits; and indices of property, such as the original value and net value of real estate and the total value of stock.

Chen Jinhua, minister of the State Planning Commission and head of the national coordinating group of the survey, told today's conference that governments at all levels should go all out to support the work.

He demanded that efforts be made to ensure that the data collected during the survey are accurate.

CAAC Plans \$5 Billion Investment in Airports by 2000

HK3108005893 Beijing CHINA DAILY in English 31 Aug 93 p 1

[By staff reporter Xie Yicheng: "Heavy Funding Set for Airport Modernization"]

[Text] The government will invest heavily in modernizing aviation infrastructure over the next seven years.

The planned investment is needed to meet the rapid growth of tourism and economic development, according to aviation sources.

The government is also ready to open a dozen key international airports and other ground services to direct overseas investment.

Before the year 2000, at least 30 billion yuan (\$5 billion) is expected to flow into building new airports and upgrading existing ones, said officials with the Civil Aviation Administration of China (CAAC).

A package of costly but lucrative airport projects for foreign investors has been chosen. It will be made public later this year, said officials in CAAC's Planning Department.

China's busiest airports, such as those in Guangzhou, Beijing and Shanghai, and related ground facilities, are likely to be built and managed in the form of Sino-foreign joint ventures.

The new move will not only ease the government's financial burden, but will also help gain advanced expertise in airport operation.

Consortiums and big firms from the United States, Canada and Britain have shown strong interest in such projects.

Overseas low-interest loans are also what China is seeking in airport construction, officials said.

The past use of loans from the Japanese, Kuwaiti and French governments have helped China renew part of air control, navigation and telecommunications devices.

Local fund-raising activities, including issuance of stocks and bonds, will play an increasingly important role in airport financing, according to planning officials.

"The local enthusiasm" for civil air service will have to be viewed in a long-term perspective. Their money needs to

go to improving ground facilities "rather than simply rushing to establish their own small airlines," said one official.

CAAC began a month ago to suspend licensing for new local airlines because it found managerial or safety loopholes in local carriers.

The ambitious scheme on infrastructural development which covers about 100 airports will eventually enable China to triple its airport capacity to handle an annual 180 million passengers by the year 2000.

China's existing 110 airports are lagging far behind the rapid expansion of the air fleet, both in quality and quantity.

But 53 million air travelers were accommodated last year, a jump of 34 percent over the preceding year.

Geographically, most of the airports in the blueprint will be dotted in prosperous Guangdong Province and East China as well as the land-locked mid-south and southwest.

Top priority will be given to key airports in 40 metropolitan areas and tourism cities where 95 percent of total air traffic volume has been recorded in recent years.

As the first step, China will pool its money. Manpower and materials to build 12 new big airports while giving massive facelifts to another 10 old ones in the regions in the coming five years.

Beijing International Airport is expanding its passenger terminal to an area of 120,000 square metres as part of the city's bid for the 2000 Olympics.

Experts say the project's actual cost may more than double the initial budget's 2 billion yuan (\$337 million).

Another eye-catching project is the planned new international airport to be built on the outskirts of Guangzhou at a cost of 6 billion yuan (\$1 billion).

State Planning To Build Tarim Basin Oil Pipeline

HK2908074593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 29 Aug-4 Sep 93 p 1

[Report by Wei Min: "Pipeline To Tap Desert Basin"]

[Text] China is planning to build a long-distance pipeline to transport crude oil from the Tarim desert basin, called China's last frontier, to the country's industrial heartland in the east.

Construction of the pipeline, which would require an investment of at least 10 billion yuan (\$1.75 billion), is an important part of China's energy development strategy.

Wang Tao, President of the China National Petroleum Corporation (CNPC), revealed last week that the pipeline is now in the design phase.

According to oil experts several billion tons of crude oil are contained in the basin, which covers 560,000 square kilometres of desert in the remote autonomous region of Xinjiang.

For years people have been worried about how the crude oil would be transported to other parts of China and other countries.

Wang did not say when construction of the pipeline will be kicked off, but added foreign investment is welcome.

"We ourselves can finance the pipeline, but we may use foreign investment," Wang said.

Business Weekly has learned that several foreign firms have showed interest in financing the pipeline.

In the short term, China will double track the railway from Urumqi, Xinjiang's capital, to Lanzhou, capital of Gansu Province.

The double-track railway will be completed in 1995, Wang said.

He said more than 10 million tons of crude oil will be produced this year in Xinjiang, mainly from the three basins of Tarim, Turpan-Hami and Junggar.

As more oilfields are developed there, the output will increase.

In 1992, 8.2 million tons of crude oil were pumped in Xinjiang.

This year, oil output in Tarim will be 1.65 million tons, compared with 890,000 tons in 1992.

In Turpan-Hami, 1 million tons of oil will be produced this year.

In Junggar an oilfield with a capacity of 1.2 million tons of oil annually is now under construction.

The pipeline, together with the double-track railway, will greatly benefit Chinese and foreign oil companies in Tarim, CNPC officials said.

Sixty-eight of oil firms from 17 countries have applied to enter Tarim's 73,000-square-kilometre southeastern section for exploration and development.

Li Lanqing at Opening of Class for Grain Officials

SK3008042093 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 29 Aug 93

[Text] An inaugural ceremony for the training class for senior officials of grain departments or bureaus from throughout the country was held in Weihai city on 27 August. Li Lanqing, member of the CPC Central Committee's Political Bureau and vice premier of the State Council, attended the opening ceremony while there on an inspection tour and delivered an important speech. Li Lanqing said: Since the beginning of this year, our country has emphatically grasped reform in grain affairs and more than 95 percent of cities and counties throughout the country have relaxed restrictions on grain prices. The reform has been carried out very smoothly and obtained favorable comments both at home and abroad. A good job needs to be

done in preparing for autumn grain purchasing and we should strive to the annual grain purchasing work successful.

Li Lanqing said: Grain enterprises have been forced to face markets after the relaxation of restrictions on grain prices. Many localities have encountered difficulties in the course of relaxing price restrictions, which chiefly include cases of buying grains on credit, chain debts, surplus personnel, and out-dated grain purchasing setups. The fundamental way to deal with these problems is to deepen reform, rapidly shift the mechanism, and enable grain and edible oil enterprises to truly become business entities that are responsible for their own profits and losses by allowing them to conduct their operation independently. Li Lanqing pointed out: Efforts should be made to further improve and enhance macro readjustment and control. After having relaxed restrictions on grain prices, we should not wash our hands of the business and should do a good job in ensuring the supplies of grain and maintaining social stability. Efforts should be made at present to perfect the systems of grain reservation and to establish risk funds for readjusting grain prices so as to safeguard the interests of peasants and to promote stable development in grain production.

Rural Fixed Capital Investment Increases

HK3008143593 Beijing RENMIN RIBAO in Chinese
19 Aug 93 p 2

["Dispatch" by reporter Liu Xianri (0491 7639 2480):
"Fixed Capital Investment Increases Rapidly in China's Countryside"]

[Text] Beijing, 17 Aug (RENMIN RIBAO)—According to the latest survey data, which this reporter recently

obtained from the Rural General Survey Team of the State Statistics Bureau, the effected investment in fixed capital in China's rural areas in 1992 exceeded 200 billion yuan, 30 percent higher than that of 1991.

Of the effected investment in fixed capital in rural areas last year, investment made by rural collectives amounted to 99.5 billion yuan, 101 percent more than that of the previous year, and accounted for 49.7 percent of the total, 17 percent above that of the previous year. Investment made by peasant households totaled 100.55 billion yuan, 3.5 percent less than that of 1991, and accounted for 50.3 percent of the total, 17 percentage points less than that of 1991.

According to specialist analysis, the characteristics of rural investment in fixed capital in China last year were: First, investment channels were further diversified. Second, the percentage of investment in fixed agricultural capital decreased, while investment in all other industries increased. The effected investment in agriculture last year was 24.31 billion yuan. Although there was an increase of 3.4 percent over the previous year, the percentage of investment in fixed capital for production was nearly 16 percentage points lower than that of the previous year. The specialists maintained that the increase in the scale of rural investment in fixed capital has promoted the development of the entire rural economy and the readjustment of the production setup. The tendency of a decreasing percentage in investment in fixed capital in agriculture is, however, an issue which should not be neglected. Moreover, the decrease in fixed capital investment made by peasant households may have a major impact on the continued development of farming. This should attract great attention from the departments concerned.

East Region

Shanghai's Bonded Zone Attracts 'Strong' Investment

OW3108031193 Beijing XINHUA in English 0221
GMT 31 Aug 93

[Text] Shanghai, August 31 (XINHUA)—Shanghai's Waigaoqiao bonded zone is attracting strong investment from home and abroad after a two-year development.

By now, the zone has imported 639 projects with contractual investment totalling 1.9 billion U.S. dollars. Altogether 500 enterprises with a total investment of 1.45 billion U.S. dollars have gone into operation.

Of the imported projects, a zone official said, 446 are foreign-funded enterprises, accounting for 70 percent of the total. These enterprises have a combined investment of 1.35 billion U.S. dollars.

Located in northeastern Pudong New Area, a newly-established economic zone that is expected to lead in the transformation of Shanghai's industrial and financial sectors, the Waigaoqiao bonded zone is the largest of its kind in the country.

So far, four square kilometers of the ten sq [square] km zone has been developed to accommodate modern trading facilities.

According to the official, construction of bonded warehouses, a free trade administrative central district, an export-oriented processing district and living quarters is almost completed, and building of markets, a business street and blocks of flats is well under way.

In addition to some influential Sino-foreign joint venture enterprises which are operating in the zone, eight financial organizations have opened services there.

The official noted that the trade volume of China's largest market for imported motor vehicles has averaged five million U.S. dollars a month over the years since it opened.

He noted that the rapid development of the zone has boosted the confidence of foreign business people who are investing more in the zone.

Article Views Shanghai's Foreign Trade Problems

OW2908043493 Shanghai JIEFANG RIBAO in Chinese
11 Aug 93 p 10

[Article by Wang Xinkui (3769 2450 1145): "The Causes of the Relatively Slow Growth of Shanghai's Exports and Countermeasures"—JIEFANG RIBAO headline]

[Text] Shanghai's exports have been growing quite slowly in recent years. This problem, which people of all quarters are watching closely, has become the main factor hindering Shanghai from attaining its grand objective of becoming an international economic, trade, and financial center. This article attempts to analyze the causes of the relatively slow growth of Shanghai's exports in recent years—from the perspective of Shanghai's industrial structure, its foreign trade system, and its performance in opening the

economic sector to foreign countries—and to offer some countermeasures. **An Assessment of the Current Growth of Shanghai's Exports**

Many people think that the decline in Shanghai's exports did not surface until the early 1980's, when China began to implement the reform and open policy. However, if we take a look at the growth of Shanghai's exports since liberation, we can see that the problem is not as simple as people think. The changes in Shanghai's exports in terms of the nation's total exports since liberation can be roughly divided into the following four stages:

The first stage, which began in 1952 and ended in 1970, was a stage in which Shanghai was able to monopolize the development of foreign economic relations under the centralized economic planning system. Shanghai's exports during this period developed rather quickly because of the monopoly, and also because it was protected by the centralized economic system. According to statistics, Shanghai's exports during this stage increased by an average of 11.7 percent annually, which was much higher than the national average of 5.8 percent. Shanghai's exports also accounted for 38.5 percent of the country's total exports in 1970 from 28.1 percent in 1952.

During the second stage, which began in 1970 and ended in 1980, Shanghai was still able to semi-monopolize the development of economic relations with foreign countries. Owing to the re-establishment of Sino-U.S. relations during this period, the West gradually eased its economic blockade on China, causing rapid export growth from the original low level. According to statistics, the annual growth of China's exports increased by as much as 23.1 percent whereas the annual growth of Shanghai's foreign trade exports was only 17.3 percent during this period. Shanghai's exports in 1980 accounted for 23.6 percent of the nation's total exports, declining from 38.5 percent in 1970.

During the third stage, which began in 1980 and ended in 1985, China's centralized foreign trade system began to be replaced by a decentralized system as result of the removal of control over the establishment of foreign economic relations. During this stage, the role played by Shanghai as a traditional exporter under the planned economic system weakened considerably and its exports declined by an average of 4.7 percent annually. Shanghai's exports dropped from 23.6 percent of the national total in 1980 to 12.5 percent in 1985.

The fourth stage, which began in 1985 and ended in 1992, was a stage in which foreign trade was conducted on a contract basis. Because of Shanghai's industrial structure, foreign trade system, and the liberalization of foreign economic ties, the important national role Shanghai played continued to decline during this stage. According to statistics, Shanghai's annual exports grew by an average of 10 percent, whereas the nation's average annual growth was as high as 17.6 percent. Of the nation's total exports, Shanghai's exports declined from 12.5 percent in 1985 to 7.7 percent in 1992.

From the above analysis we can draw this conclusion:

First, when we judge the changes in Shanghai's role as an exporter, a proper yardstick should be used for judgment. In this case, Shanghai's performance in 1985 should be used as the yardstick because that was the last year in which Shanghai's exports had a negative growth as a result of the decontrolling of the central government's foreign trade authority. The percentage (12.5 percent) of the national total which Shanghai's exports accounted for in that year basically reflected Shanghai's actual export strength in the country.

Second, we should accurately understand the effects of China's opening-up economic policy and reform of the foreign trade system on Shanghai's export growth. Generally speaking, the opening-up economic policy and the reform of the foreign trade system in the 1980's were conducive to the development of Shanghai's export trade. Statistics prove the following changes since 1985: Shanghai's export trade volume has been rising. The average annual rate of increase grew from 9.21 percent in the years 1985-1990 to 9.8 percent in 1991, and further to 14.3 percent in 1992. The gap between Shanghai's average annual rate of increase and the national average is gradually becoming smaller—8.6 percentage points in years 1985-1990, 6 percentage points in 1991, and 3.9 percentage points in 1992. The average annual rate of decrease of Shanghai's share in the nation's total export volume is also gradually becoming smaller—0.8 percentage points in years 1985-1990, 0.4 percentage points in 1991, and 0.3 percentage points in 1992.

Third, Shanghai's relative position in the nation's export trade declined under different economic structures and in different stages of reform and opening up; such a fact explains that the major causes of Shanghai's relatively slow export growth are external, long-standing, and structural, not internal or short-term. Understanding this point is of great importance to the formulation of a strategy for revitalizing Shanghai's export trade in the 1990's. **The Causes of Shanghai's Slow Export Growth in Recent Years**

1. Slow improvement of the export product mix: Since the middle of the 1950's, light industry and textiles have become Shanghai's main export goods. In the last 30 years and more, light and textile industries have remained the backbone producers of export products, resulting in a slow improvement of the export product mix. Statistics show that light industry and textile goods had all along constituted about 60 percent of Shanghai's total export goods from 1957 to 1990. However, according to the law of industrial development, it is unavoidable for Shanghai's light and textile industries to decline relatively, after abolishing the system of centralized planned economy and opening to the outside world. This is because light and textile industries are labor-intensive and consume a large quantity of agricultural raw materials, and Shanghai is a city of processing industries with constantly rising labor costs, relying heavily on agricultural raw materials supplies from fraternal provinces and cities. Moreover, other cities and provinces, with large and cheap rural labor as well as agricultural raw material resources, have vigorously developed their production of light industry and textile goods

for export since the start of reform and opening up in the 1980's. By the middle of the 1980's, light and textile industries had quite evidently become China's major industries for producing export goods. While the nation's export product mix and that of Shanghai are becoming more and more alike, Shanghai's declining light and textile industries are of course unable to compete with the newly-developed light and textile industries of other cities and provinces in terms of raw material sources and export markets. Under such a situation, it is of course unavoidable that Shanghai's export trade, which is founded on its declining light and textile industries, will drop in the rankings of China's export trade as a whole. The slow improvement of the export product mix is the root cause of Shanghai's slow export trade growth, as well as the cause of many contradictions in Shanghai's foreign trade system and in its opening up economically to the outside world.

2. Under the centralized foreign trade system, export quotas are granted to departments by contracts, and this has ossified the mix of export products. The current contract system has two features: First, exchange-earning goods are subject to regulation and control. This contradicts the principle that foreign trade enterprises should "operate independently and be responsible for their own profits and losses." On the one hand, the amounts of foreign exchange foreign trade enterprise can deliver are conditioned by their profits or losses; but on the other hand, the amounts of foreign exchange which these enterprises undertake to deliver to the state are based on fixed amounts of exchange-earning goods, which increase every year. This has created the problems of how much these enterprises can export and how much they can earn. Since the amounts of profits change but the quantities of export goods may not, the enterprises have to fight for subsidies, and preferential and favorable treatment all the time. And, because of endless haggles, the enterprises can spare no time for restructuring their product mix or developing new export businesses and new markets, causing the vicious cycle of slow growth for both exports and profits. The second feature is that export contracts are granted on the basis of departments. Because of such management style, the foreign trade sector and industrial sector are separated, and so are technology departments and trade departments, state-owned foreign trade departments and independent foreign trade departments, and internal trade and foreign trade departments, causing highly complex problems and conflicts; hindering the creation of an industrial environment in which technology, industrial manufacturing, and trade can be integrated—an environment essential for developing the export of machinery and electronic goods—and obstructing the upgrading of export goods and development of new pillar industries in many ways.

3. The degree of opening up in the economic sector is restrained by the mix of export goods as well as by the foreign trade system. According to the successes achieved in the 1980's from implementing the strategy for economic development in coastal areas, in order to boost its exports an area may take the short cut of attracting more foreign and internal capital and opening its economic sector wider, as well as by restructuring the mix of export goods and the

foreign trade system. This is because manufacturers of export goods can, with support from foreign capital, significantly upgrade their export goods, become more competitive worldwide, and broaden their world market. On the other hand, a coastal port can, through attracting capital from other parts of the country, provide transit services, thereby further promoting its own exports. When the upgrading of the mix of export goods is slow, manufacturers of traditional export goods inevitably demand protection, which the centralized foreign trade system, characterized by regulation and control of exchange-earning goods, justifies and facilitates. In recent years, Shanghai's manufacturers of traditional export goods have rejected the establishment of rival foreign-funded and internal-funded industries in Shanghai, and such an attitude has had serious consequences for the development of Shanghai's exports. According to statistics, the growth of foreign capital in the six provinces and one city in eastern China in 1991 was 87.8 percent in Zhejiang, 63.6 percent in Jiangsu, 47.3 percent in Fujian, 22.8 percent in Guangdong, 16.5 percent in Shandong, and 16.6 percent in Shanghai. Such differences in attracting foreign capital in 1991 directly effected their export performance in 1992. Statistics show that, compared with the same period in the previous year, export growth during the January-October period in 1992 was 107.2 percent in Fujian, 34.6 percent in Guangdong, 24.3 percent in Jiangsu, 24.1 percent in Zhejiang, 19.1 percent in Shandong, and 12.2 percent in Shanghai. With the exception of Shandong, the export growth in other provinces was at least twice that of Shanghai.

Ideas for Expediting Shanghai's Export Growth

The above analysis shows that the sluggish growth of Shanghai's foreign trade sector stems primarily from the fact that its readjustment of the mix of export goods has failed to keep pace with the city's industrial restructuring; and that its pace in creating a market-oriented system and its efforts to open itself to the outside world and other parts of the country has also failed to keep pace with the city's progress in these two areas. Thus, the way to speed up Shanghai's exports lies in catching up in readjusting its mix of export goods, in creating a market-oriented system, and in opening itself to the outside world and other parts of the country. The material foundation for expediting Shanghai's export growth lies in creating new export-oriented industries by replacing the labor-intensive industry supported primarily by the manufacturing of light industrial goods and textile products, with capital- and technology-intensive industry supported by heavy and chemical industries. To upgrade the mix of export goods, the centralized foreign trade system, characterized by regulation and control of exchange-earning goods and departmental separation, should be replaced by a market-oriented foreign trade system subject to indirect macro regulation and control so that new export-oriented industries integrating trade, industrial manufacturing, technology, and banking services can be formed. The power needed to upgrade the mix of export goods and restructure the foreign trade system can be drawn from replacing the monopolistic form of foreign trade management—which isolate Shanghai from

the outside world and other parts of the country—with a fully open foreign trade management system which can facilitate the creation of a highly competitive foreign trade structure. If we are able to take advantage of the opportunities created by the reinstatement of China's GATT membership and the development and opening of Pudong in the 1990's; and take prompt action to create a market-oriented foreign trade system by opening the foreign trade sector to the outside world and other parts of the country, to upgrade the mix of export goods through creating a market-oriented foreign trade system, and to increase export through upgrading the mix of export goods, then Shanghai will be able to play its part as a new base of export-oriented industries and a key international and internal port, and we can be sure that Shanghai's export will increase steadily and rapidly.

Of these three tasks—upgrading the mix of export goods, accelerating the process of creating a market-oriented foreign trade system, and broadening foreign and internal trade—the most urgent is the second one. Shanghai's foreign trade sector can no longer afford to see itself bogged down by the centralized planning system at a time when all other economic sectors in Shanghai are picking up speed in gearing their operations to market needs. Thus, each and every one of us who is engaged in foreign trade must be fully aware of the situation and well prepared mentally for the change.

Central-South Region

Fifteen Criminals Executed in Guangzhou

HK3108040693 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 24 Aug 93

[Text] In this morning, Guangzhou City Tianhe District and Panyu City People's Courts separately held rallies to announce heavy sentences against and execute criminal offenders who had committed severe crimes. Fifteen looters, robbers, and murderers, including Wang Baogui, were executed in accordance with the law and over 20 other criminals who had seriously jeopardized public security and the safety of people's lives and property were sentenced on first trial.

On the night of 17 December 1992, Wang Baogui, a criminal who had fled to Guangzhou from Tangshan City, Hebei, and his collaborator surnamed Chen used lethal weapons and plundered a shop run by an individual household trader in Hongde Road in Guangzhou City. They seized over 500 yuan and jewelry and cigarettes and killed a person surnamed Liu who was looking after the stall.

From November 1990 to July 1991, Li Jianrong, a criminal, and his collaborator got together and stole a total of 22 Suzuki motorcycles worth 370,000 yuan in Jiangnan Road West, Jiefang Road Central, and other areas in Guangzhou. In addition, Li also illegally possessed heroin.

The two criminals, Wang and Li, were executed this morning.

Guangxi Secretary Addresses Antismuggling Meeting

HK3108033093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 21 Aug 93

[Text] The regional antismuggling work meeting ended on 20 August in Nanning. The agenda of this conference, jointly held by the regional party committee and people's government, mainly covered the following topics: Relaying and making arrangements for the implementation of the spirit of the national antismuggling work conference, and studying and planning for the antismuggling work for some time to come in this province according to the guidelines of unifying thinking, strengthening leadership, coordinating actions, and strictly enforcing law and discipline.

Regional party, government, and military leaders Zhao Fulin [regional party secretary], Cheng Kejie [regional government chairman], Liu Mingzu, Ding Tingmo, Li Zhenqian, Lin Chaoqun, Peng Guikang, Wen Guoqing, Li Enchao, Yuan Zhengzhong, Ma Qingsheng, Yang Xitang, Lei Yu, Xu Bingsong, Lu Bing, Yuan Fenglan, Liu Hong, Zhang Keqing, and Zhang Guangdi, prefectural secretaries and commissioners, city mayors, and persons in charge of the departments directly under the regional authorities attended the meeting.

Regional party Secretary Zhao Fulin and regional Chairman Cheng Kejie made important speeches at the meeting.

Zhao Fulin said in his speech: The national antismuggling work conference was held by the CPC Central Committee and the State Council. Comrade Deng Xiaoping's idea of doing two types of work simultaneously keyed the whole conference. It is of great significance to ensuring the normal operation of China's reform, opening up, and construction. The comrades attending this meeting should conscientiously study the spirit of the national conference and try to relay it down to lower levels as soon as possible.

Zhao Fulin pointed out: With the normalization of the Chinese-Vietnamese relations and the expansion of opening up, some smugglers and lawless business operators, taking advantage of the region's unique geographic conditions and imperfections in management, bring in commodities that the state does not allow to be import, either indirectly from Vietnam by sea or directly from Hong Kong, to China's coastal and border areas. The regional party committee and regional government have been firmly implementing the series of instructions of the CPC Central Committee and the State Council and adopting resolute measures to sternly investigate and handle such smuggling activities. The most outstanding example is the extraordinary smuggling case involving 798 cars which was cracked and the cars intercepted, which was given timely exposure to the public through the media. This served as a deterrent to smugglers and effectively checked smuggling activities.

Our most profound impression gained in the course of combating smuggling is, first, the need to unify the thinking and action of leadership groups at all levels; second, the need for leadership groups to attend to this

matter directly; third, the need to firmly handle big and important cases; and fourth, the need to improve the institutional structure and strengthen leadership. These measures have helped ensure the smooth operation of antismuggling work. However, smuggling is a common international phenomenon and it is impossible to eradicate it overnight. Our region is on both the national border and the coast. It has a long stretch of national border in its territory and many ports. The antismuggling campaign will be protracted, complicated, and challenging.

As to how to implement the spirit of the central instructions and carry out the antismuggling campaign persistently and in depth, Zhao Fulin urged leaders at all levels to fully understand the protracted nature, complexity, and difficulty of the antismuggling campaign, and, while taking care of what is happening now and checking the smuggling momentum, to pay attention to long-term strategy, fundamentals, propaganda and education against smuggling, preventive measures, and building the antismuggling contingent. It is necessary to make substantial efforts to break and eliminate regional and departmental protectionism. Leaders at various levels and in various departments should set great store by the overall interests of the party and the state, conscientiously overcome and redress wrong ideas and practices that heed local and departmental interests only, firmly put right the phenomena of failure to comply with law, lax enforcement of law, and feeble crackdowns in the antismuggling campaign, and track down big and important cases, no matter where they occur and who or which units they involve, ferreting them out relentlessly. Such law and discipline enforcing organs as customs, public security, industrial and commercial administrations, supervisory organs, discipline inspection committees, procuratorates, and courts may not substitute monetary penalties for disciplinary action, court trials, or taxes. Collected of fines and confiscated money should be separated from expenditures and handed in to the treasury authorities without any retention whatsoever.

Besides, it is necessary to conduct specialized campaigns against smuggling in a planned way and in accordance with the unified plan of the state. Our region has made a preliminary plan for organizing two large-scale joint operations against smuggling in September this year and January next year. We hope party committees and governments at various levels, as well as all relevant departments, will coordinate closely and make concerted efforts to puncture the rampant smuggling activities in a firm manner.

Finally, Chairman Cheng Kejie remarked on how to make a good job of the antismuggling work in this region. He emphasized: It is necessary to concentrate on handling a batch of big and important cases. This will play a big role in checking smuggling activities along the border and coast in this region. In the meantime, leading comrades at various levels should give support to antismuggling work in the supply of manpower, material resources, and financial resources, constantly expand the antismuggling contingent's fighting capabilities, strictly enforce antismuggling discipline, rectify order in this field, and continue to

conduct antismuggling operations in a comprehensive way according to the overall plan of seizing on the sea, arresting on the shore, investigating on land, and controlling in the market. All departments and units should strengthen comprehensive management and conduct activities in which the masses help prevent and check smuggling, to bring the antismuggling campaign to ever-deepening levels.

Lei Yu, vice chairman of the region, relayed the spirit of the national antismuggling work conference. Lin Chaoqun, standing committee member of the regional party committee and director of the regional public security department, relayed Vice Premier Li Lanqing's speech.

Leaders of Nanning customs, the regional higher people's court, the regional procuratorate, and the regional bureau of industrial and commercial administration spoke at the meeting.

Guangxi Public Security Situation Reported

HK3108062893 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 24 Aug 93

[Text] In the morning of 24 August, Lin Chaoqun, standing committee member of the regional party committee and director of the regional public security department, briefed members of the Chinese People's Political Consultative Conference [CPPCC] Regional Committee and members of various democratic parties in Nanning on the situation of comprehensive management of social order in our region. He urged all of them to more intensively supervise public security organs and offer advice and make contributions to our region's public security.

Lin Chaoqun pointed out: The situation of social order in our region is stable, and in most of the cities and counties, the situation of social order is good. The comprehensive management of social order and public security work has been strengthened, and we have achieved certain results in our fight against theft, criminal rings, prostitution, and drug taking and trafficking activities, and solved some outstanding problems related to social order.

Lin Chaoqun stressed: According to the situation of social order in our region, organs of politics and law at various levels at present are vigorously carrying out special fights against theft, abduction and sale of women, prostitution, road and car banditry, and drug taking and trafficking activities, and are discovering reprehensible activities. Meanwhile, a patrolman system and public security joint defense teams were established to strengthen population and border control, thus creating a good environment of social order for reform, opening up, and economic construction.

Chen Huiguang, chairman of the CPPCC Regional Committee, also addressed the meeting. He urged members of the CPPCC Regional Committee and of various democratic parties to give strong support to the work of departments of politics and law and make joint efforts to root out reprehensible social activities to maintain social stability.

Zhong Jiazuo, Lu Yannan, Wei Ruilin, Wu Keqing, Ma Minglong, He Xiangluan, and Mo Xiguang attended the meeting.

Hainan Leaders View Jiang's Anticorruption Address

HK3008153793 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 21 Aug 93

[Text] Yesterday morning [21 August], after watching General Secretary Jiang Zemin's important speech at the second plenary session of the Central Discipline Inspection Commission, Hainan provincial party, government, and military leaders immediately held a study and discussion meeting. They said: General Secretary Jiang's speech reflects the general public's fundamental interests and strong wishes, and it embodies the party Central Committee's firm will to strengthen the building of party and government conduct and to punish corruption. We must heighten our sense of responsibility and urgency in combating corruption. In light of Hainan's reality, we must strengthen the building of party and government conduct, deepen the campaign against corruption, ensure the full implementation of the party's basic line, and promote the all-round development of the special economic zone's economic construction.

Du Qinglin, deputy secretary of the provincial CPC committee and chairman of the provincial people's congress standing committee, was the first speaker at the meeting. He said: General Secretary Jiang's speech is a mobilization meeting [as heard] for deepening the anticorruption campaign, and also a program for doing a good job in building party and government conduct. We must be soberly aware that dishonesty in government conduct is quite serious and we should not underestimate these four problems: First, the spread of the phenomena of corruption; second, the destructiveness of the phenomena of corruption; third, the masses' utter abhorrence of the phenomena of corruption; and fourth, the consequences caused by some party organizations' feeble and lax control over the phenomena of corruption. Du Qinglin said: The fundamental approach to combating corruption is to strengthen the reform, and in particular, to strengthen the building of democracy and the legal system through the reform and to thoroughly eradicate the soil of corruption.

Wang Xiaofeng, deputy secretary of the provincial CPC committee and executive vice governor of the provincial government, said: [Words indistinct] corruption may directly cause instability of power, and there have been examples of this in China and abroad throughout history. For a ruling party to safeguard its power, it should face its problems squarely, not shield or be soft on the phenomena of corruption, consistently do two types of work with equal strength, have the courage to tackle outstanding problems in each unit or locality, and keep a check on unhealthy tendencies. Some people, once they have a bit of power, want to profit from it. If approached for some help, they openly demand benefit. We should analyze such complaints from home and abroad in a level-headed manner, and should sternly handle outstanding, crucial problems.

Pan Qiongxiong, vice chairman of the provincial people's congress standing committee, said: It is high time the central authorities set about tackling the issue of combating corruption. In these years, I—as an old CPC member—have not stopped worrying about this party. I think if the problem of corruption continues to be left unchecked, it will indeed get out of hand.

Ruan Chongwu, provincial secretary and governor, gave a summing-up report afterward. He pointed out: General Secretary Jiang's speech is very important and is of great significance to overcoming negative and corrupt phenomena, strengthening the building of party and government conduct, and consolidating the people's government. He called on party committees at all levels to conscientiously make arrangements for the relay and study of the speech and to implement the important plan made by the central authorities. The study should combine theory with practice and should not become an occasion for idle talk. Once their understanding is straightened out, they should work out measures and substantial courses of action to take.

Ruan Chongwu demanded that party committees at all levels enter the anticorruption fight on their list of priorities, make meticulous arrangements, and conscientiously try to do a good job in it. In combating corruption, they first should resolutely punish corrupt elements, and second, resolutely overcome various negative and corrupt phenomena. Concrete action is required. They should sternly investigate and handle major and important cases. All those who violate the law and discipline, whoever they are, must be sternly investigated and punished.

Ruan Chongwu emphasized: In fostering clean and honest government conduct, it is necessary to pay attention to the fundamentals and make regulations, strengthen the building of the legal system through the anticorruption campaign, and establish and improve a system that is conducive to the development of the socialist market economy. Ruan Chongwu also demanded that the anticorruption campaign be integrated with strengthening the building of leadership groups at all levels and the building of government organs. Cadres in government organs, especially leading cadres, should begin by examining themselves in the campaign to combat corruption and encourage official honesty, be the first to do what others are required to do, and be the first to refrain from doing what others are banned from doing. The objective of the anticorruption campaign is to build leadership groups at various levels into honest, clean, efficient, practical, and united combat collectives.

Also present at yesterday's study and discussion session were persons in charge of the provincial CPC committee, provincial people's congress, provincial government, the provincial committee of the Chinese People's Political Consultative Conference, provincial discipline inspection committee, provincial higher people's court, provincial procuratorate, the Hainan Military District, Nanhang unit, and the provincial armed police corps.

Ruan Chongwu Speaks at Hainan Antismuggling Meeting

HK3108111593 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 24 Aug 93

[Excerpts] The Provincial CPC Committee and Government held the fourth meeting on cracking down on smuggling at the Provincial Government Report Hall yesterday morning. Secretary and Governor Ruan Chongwu relayed the spirit of the work conference of the CPC Central Committee and State Council on cracking down on smuggling. [passage omitted]

Comrade Ruan Chongwu delivered an important speech on cracking down on smuggling in Hainan. He pointed out: Understanding serves as a guide to action. To deal severe blows at smuggling, it is necessary to standardize thinking throughout the province. Particularly under the new situation of reform, opening up, and the developing socialist market economy, it is all the more necessary to deepen understanding of cracking down on smuggling.

Ruan continued: Smuggling, which escapes state management over international trade, constitutes a serious economic crime that undermines China's economy. Besides disrupting the market, it also leads to a deterioration in the general mood of society, gives rise to corrupt practices and criminal offenses, and affects social stability.

Ruan stressed: Hainan has achieved solid successes in cracking down on smuggling, effectively checking smuggling activities and leaving no room for large-scale smuggling. Smuggling is on the rise, however, and we should continue to deal severe blows at smuggling and should never lower our guard in this respect.

Ruan urged leading cadres at all levels to deepen their understanding of the harm caused by smuggling, correct mistaken ideas, earnestly strengthen leadership over anti-smuggling work, implement the spirit of the CPC Central Committee and State Council, ensure that each locality and department is free from smuggling, and create a fine environment for economic development by sternly cracking down on smuggling. The leaders in places where leadership in anti-smuggling work is weak, where no resolute measures are taken against smuggling, and where problems remain unsettled for a long time should be held responsible for the situation in their area. [passage omitted]

Hubei Secretary Addresses Trade Union Congress

HK3108102093 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 24 Aug 93

[Excerpts] On 24 August, over 800 delegates to the eighth congress of the provincial trade union, shouldering the great trust of more than 7.3 million workers and more than 5 million union members in the province, gathered in Wuhan to discuss the important plans for the labor movement and trade union operations in Hubei.

At 0900, the opening session of the congress was solemnly held in Hongshan Auditorium in Wuchang. Leaders of the

provincial CPC committee, the provincial advisory committee, the provincial people's congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, the provincial discipline inspection committee, and the provincial military district, including Guan Guangfu [provincial secretary], Jia Zhijie [provincial governor], Hui Liangyu, Qian Yunlu, Zhong Shuqiao, Zheng Yunfei, Liu Rongli, Chen Ming, Liang Shufen, Su Xiaoyun, Yuan Zhaochen, and Gao Guobin, attended the opening of the congress.

For the first time, the congress invited the individuals in charge of union work in prefectural, city, and autonomous prefectural CPC committees to the opening session. Representatives of model workers, old union workers, retired workers, workers' families, and self-employed workers were also invited to the opening ceremony, which was presided over by Ni Guobin, executive president of the congress presidium. [passage omitted] Provincial Secretary Comrade Guan Guangfu spoke at the session.

[Begin Guan recording] Delegates, Comrades:

The eighth congress of the Hubei provincial trade union has now solemnly opened in the context of deepened reform and expanded opening up. Here, on behalf of the Hubei provincial CPC committee, I warmly congratulate the congress on its opening and extend cordial greetings and highest regards to all delegates to the congress, all workers in various trades and professions throughout the province, and model workers, advanced workers, union cadres, and union activists on all fronts. [end recording]

In his speech, Guan Guangfu fully affirmed the important contributions that the workers and union organizations throughout the province have made to safeguarding social stability and promoting Hubei's reform, opening up, and the building of the two civilizations.

He demanded that workers throughout the province take up the glorious mission assigned by history and more fully bring into play their role as the primary force in the great practice of invigorating Hubei. Union organizations and union cadres at all levels must adapt themselves to the trends of the times and carry out their work creatively. Party committees at all levels must fully understand the importance of union work under the new circumstances and must further strengthen and improve their leadership over union work. In conclusion, Guan Guangfu said:

[Begin Guan recording] Delegates, Comrades:

The reform, opening up, and modernization in our province has entered a crucial period. It is our belief that, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, under the leadership of the CPC Central Committee with Comrade Jiang Zemin at the core, and relying on the concerted efforts of the people—first of all the working class—throughout the province, the economy in our province is bound to be able to scale new heights in a better and faster way, and the second-phase target for Hubei's modernization is bound to be fulfilled ahead of schedule.

The work that the provincial trade union and trade unions at all levels have accomplished is good. The provincial CPC committee hopes that the new trade union will do even better. Thank you. [end recording] [passage omitted]

Hunan Officials Urge Improved Finance, Taxation

HK3008132493 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 21 Aug 93

[Text] The provincial work meeting on finance and taxation ended in Changsha yesterday. In their speeches, Vice Governors Chu Bo and Zhou Shichang urged the vast numbers of cadres, staff, and workers in our province's financial and taxation organs to further rectify the financial and taxation systems, to enhance the process for levying and administering tax revenue, to strengthen macroscopic regulation, and to ensure the fulfillment of various financial and taxation tasks.

It was learned that, from January to July this year, our province fulfilled the collection of 4.8 billion yuan in financial revenue, accounting for 49.49 percent of the annual budget and registering an increase of 3.34 percent over the same period last year.

Our province's current financial situation is still very grim, however, due to the following factors: Financial revenue is not increasing at the same rate as economic growth; appropriations to pay off financial expenditure are much in arrears; the supply of funds is extraordinarily inadequate; the financial and taxation order is chaotic; financial and economic discipline is lax; and various forms of tax and payment evasion and extravagance and waste in expenditures are common and serious.

Vice Governor Zhou Shichang pointed out: At present, the chaotic financial and taxation order is characterized by some leading cadres' arbitrary investment and abuse of preferential tax exemption and reduction policies. He said: In the future, we must be prudent in reducing and exempting taxes and must establish a certain decision-making process to examine and approve the process. We must supervise it to ensure that the role of tax reduction and exemption policy is really brought into play.

When discussing the financial deficit, Zhou Shichang expressed his wish that governments at various levels would overcome the muddled thinking that the deficit is a blessing and would try to achieve balance and development on their own. He also urged financial and taxation departments at various levels to be resolute in making great efforts to explore financial resources and unremittingly pay attention to the work of financial resource exploration.

In his speech, Chu Bo pointed out: We must ensure that financial and tax revenue this year exceeds 10 billion yuan. Various prefectures and cities must treat the fulfillment of the targets for extra-budgetary revenue and expenditure control as mandatory tasks. We must set up the responsibility system of management by objective and must pay

attention to the financial and taxation work as if it is an important matter for strengthening the government's macroscopic regulatory function.

Hunan Sees Major Increase in Foreign Investment

HK3108111693 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 25 Aug 93

[Text] A total of 667 enterprises were run by foreign businessmen in Hunan in the first seven months of this year, involving a total investment of \$1.537 billion. The number of enterprises and investment have increased by 450 percent and 480 percent respectively over the same period last year.

Foreign investment in Hunan this year has the following characteristics: first, rapid growth; second, large scale investment; third, wide-ranging investment; and fourth, increasing numbers of countries and regions investing in Hunan. The Republic of Korea, which had not invested in Hunan in the past, ran four enterprises here this year.

Southwest Region

Highway Plays 'Important' Role in Tibetan Economy

OW2908093193 Beijing XINHUA in English 0835 GMT 29 Aug 93

[Text] Lhasa, August 29 (XINHUA)—The Qinghai-Tibet Highway has played a very important role in the economic development of the Tibet Autonomous Region. Currently, the road transports over 85 percent of the goods shipped into Tibet.

The highway, which links up Golmud city in Qinghai Province and Lhasa, the regional capital of Tibet, has become even busier over the past few years along with the economic surge throughout the country and in the region as well.

Starting from last year, an average of over 2,400 vehicles of various kinds ran through the road per day, according to an official in charge of the highland road.

The highway opened to traffic in 1954, and since then, more than 10 million tons of goods and 10 million people have been transported into Tibet via the road, according to a local official.

For the past decades, a number of cities and towns, which are economic and information centers in the area, have been set up along the 1,200 km-long highway, and industry and agriculture have flourished along the road.

Furthermore, the road has also become a hot tourist route in the recent few years, luring numerous visitors from other parts of the country and foreign countries and regions.

Now, the central government has invested 890 million (about 155 million U.S. dollars) in the first phase of the

highway's rebuilding project, and once the project is completed, it will further boost the economy of Tibet, the official noted.

Tibet Shrine to 10th Panchen Lama To Be Unveiled

OW3008015493 Beijing XINHUA in English 0111 GMT 30 Aug 93

[Text] Lhasa, August 30 (XINHUA)—A grand ceremony will be held in early September at Zhaxi Lhunbo lamasery in Xigaze, Tibet, to unveil the stupa (shrine) and memorial hall for the tenth panchen lama, Baiqen Erdini Qoigyi Gyaincain (1938-1989), according to a reliable source.

Construction of the stupa and the memorial hall has already been completed. Pagbalha Geleg Namgyai, vice-chairman of the Standing Committee of the National People's Congress and leading officials of Tibet Autonomous Region have appraised and highly praised the project, calling it an integration of the traditional arts of Tibetan nationality with modern technology.

The 11.55 meter-high stupa is encased in 99.05 percent pure gold plates ranging in thickness from 0.5 mm to 0.8 mm. The surface of the stupa is inlaid with 868 precious stones of 24 different kinds, including diamonds, cat's eyes, agates, pearls, jadeite, amber and coral.

The memorial hall is 35.25 meters in height. There are unique Buddhist frescoes on the walls and ceilings.

Two days after the tenth panchen lama died on January 28, 1989, the State Council announced that the government was to finance the construction of a stupa and a memorial hall in his honor.

To build the stupa and the memorial hall, the central government allocated 64 million yuan, 614 kilograms of gold, 275 kilograms of silver and various other kinds of material.

Construction of the project started on September 20, 1990.

Body of Panchen Lama Enshrined in Stupa

OW3008140893 Beijing XINHUA in English 1344 GMT 30 Aug 93

[Text] Xigaze, August 30 (XINHUA)—A ceremony was held here today to house the body of the late Tenth Panchen Lama (1938-1989) in a newly built stupa at the Zhaxi Lhunbo Lamasery in Xigaze, a major city in the Tibet Autonomous Region southwest of Lhasa.

At 8:30 in the morning the corpse of Panchen Erdini Qoigyi Gyaincain was taken in a sedan car wrapped in yellow satin by eight lamas from the Zigya Palace of the lamasery, where it has been kept for more than four years.

The Tenth Panchen Lama died of a sudden heart attack in the Tashi Jhumpo Lamasery in Xigaze, his new residence, on January 28, 1989.

Two days later the State Council decided to spend 64 million yuan building a stupa and a memorial palace, where Tibetans can worship their late religious leader.

The mother of the Tenth Panchen, Yabxi Soinam Zhoima, and his younger brother Goinbogya arrived from Qinghai Province to attend today's ceremony.

Vice-Chairman of the Standing Committee of the Chinese National People's Congress (NPC) Pagbalha Gele-Namgyai, Chairman of the autonomous region Gyalcan Norbu, and other officials and public figures also attended the ceremony.

Official sources here said that a more grandiose ceremony would be held in early September this year to mark the formal inauguration of the stupa.

Panchen Lama was born in Xunhua County, Qinghai Province, in 1938. As one of the two most influential leaders of the Yellow Sect of Tibetan Lamaism, was chosen in 1941 as the reincarnation of the Ninth Panchen Lama who died in 1937, and became the Tenth Panchen Lama in 1949. Before his death, he was vice-chairman of the 7th NPC Congress Standing Committee and honorary president of the Buddhist Association of China.

ARATS, SEF Hold Working-Level Talks in Beijing

OW3108010893 Beijing XINHUA Domestic Service in Chinese 1055 GMT 30 Aug 93

[By correspondents Chen Jianshan (7115 1696 1475) and Sun Chengbin (1327 2110 2430)]

[Text] Beijing, 30 Aug (XINHUA)—Sun Ya-fu, deputy secretary general of the Association for Relations Across the Taiwan Strait [ARATS], and Xu Huiyou [Hsu Hui-yu], deputy secretary general of the Strait Exchange Foundation [SEF], began consultations here today on the comprehensive implementation of the agreements signed during the "Wang-Gu [Ku] Meeting." This is the first working-level meeting between the two organizations since the "Wang-Gu Meeting."

In the morning, the two sides had an initial exchange of views on how the various items for consultations stipulated in the "joint agreement on the Wang-Gu Meeting" should proceed. The ARATS suggested the drafting of a

consultation timetable for carrying out the consultations in a planned manner, and delivered a draft timetable to the SEF. The SEF also suggested a list of topics for consultation.

In the afternoon, the two sides further exchanged views on the timetable of consultations. The ARATS put forth a concrete proposal concerning the "specific measures governing the exchange of visits by staff members of the two organizations" and gave a copy of the draft proposal to the SEF. It also earnestly listened to the SEF's opinions on the question of "repatriation of personnel who have illegally entered the other side's area."

ARATS President Wang Daohan and SEF Chairman Gu Zhenfu [Ku Chen-fu] signed the "joint agreement on the Wang-Gu Meeting" and three other agreements in Singapore last 29 April. According to the stipulations of the joint agreement, the two organizations will hold five rounds of routine consultations within this year to discuss economic, science, and technology exchanges and other issues.

Officials React to Beijing White Paper on Taiwan

OW3008142593 Taipei CNA in English 1403 GMT
30 Aug 93

[By Benjamin Yeh]

[Text] Taipei, Aug. 30 (CNA)—Premier Lien Chan on Monday [30 August] asked Communist China to admit that its rule has never extended to Taiwan.

"The historic fact is undeniable whatever their claim on the sovereignty of Taiwan," Lien said in reaction to Beijing's first White Paper on Taiwan affairs, which is expected to be released by the XINHUA NEWS AGENCY on Tuesday.

According to the mainland's Office of Taiwan Affairs under the State Council, the White Paper reiterates that the alleged "Taiwan issue" must be addressed under Beijing's proposed forum of "peaceful unification of China, and 'one country, two systems.'"

The document, to be published in six languages, strongly opposes Taiwan's bid to gain entry to the United Nations.

Seven Latin American countries have submitted a letter to UN Secretary-General Butrus Butrus-Ghali asking that the ROC's [Republic of China] bid be put on the agenda for the 48th General Assembly in September.

The 12,000-word White Paper falls into five categories: Beijing's sovereignty over Taiwan; the origin of Taiwan issues; Beijing's unchanged stance toward the issues; guidelines to the development of cross-strait relations; and the nexus between Taiwan and other international issues.

The two sides, the White Paper recommends, should seize the opportunity to create an environment for the unification of China. It suggests representatives from Taiwan talk with their mainland counterparts at the negotiating table to resolve differences.

Mainland Affairs Council Vice Chairman Kao Koong-lian, when asked to comment on the White Paper, stressed that cross-strait relations would be promoted only when Beijing treats Taiwan as an equal political entity.

Kao said the relationship would not be helped as long as Beijing sticks to its policy of "one country, two systems."

CPC To Hold Taiwan Affairs Work Conference

HK3008151093 Hong Kong LIEN HO PAO in Chinese
27 Aug 93 p 10

[By Special Correspondent Han Chien-hua (7281 0494 5478): "CPC To Hold 'National Taiwan Affairs Work Conference' This Year"]

[Text] Beijing, 26 August—After the 14th KMT Congress successfully wound up an inner-party reshuffle and infused the KMT leadership with a group of vigorous and relatively young politicians, the CPC Central Committee Leading Group for Taiwan Affairs also underwent a large-scale internal reshuffle with a view to coping with the recent development of cross-strait relations, unifying

understanding among the Taiwan affairs work departments at all levels on the mainland, and introducing a new supreme central leading group for Taiwan affairs to all these departments. The CPC has also placed the convocation of a "national Taiwan affairs work conference" on its agenda.

The official mainland sources pointed out: The "national Taiwan affairs work conference" that is to be held this year will be able to equal the "national Taiwan affairs work conference" held in late 1990 in terms of both scale and significance. The 1990 national Taiwan affairs work conference was presided over by Yang Shangkun, at that time state president and head of the Central Leading Group for Taiwan Affairs. The conference put forth a series of major tasks for Taiwan affairs work in the 1990's. The 14th CPC National Congress held last year established a new leadership structure with General Secretary Jiang Zemin as the core. Jiang Zemin, who concurrently holds such important posts as the CPC general secretary, the state president, and the Central Military Commission chairman, has also been appointed head of the Central Leading Group for Taiwan Affairs and has taken personal charge of Taiwan Affairs work.

Under the auspices of Jiang Zemin, the Central Leading Group for Taiwan Affairs successfully completed an internal reshuffle not long ago. The new Central Leading Group for Taiwan Affairs is composed of Jiang Zemin (CPC general secretary and state president); Qian Qichen (State Council vice premier and foreign minister); Wang Zhaoguo (Chinese People's Political Consultative Conference National Committee vice chairman, Central Office for Taiwan Affairs director, State Council Office for Taiwan Affairs director, and CPC Central Committee United Front Work Department director); Jia Chunwang (minister of state security); Xiong Guangkai (assistant chief of People's Liberation Army General Staff); and Wang Daohan (president of Association for Relations across the Taiwan Strait).

Sources pointed out that Jiang Zemin gave the following instruction on the Taiwan affairs work: The people of our generation must never give up Taiwan; if they did, what would happen to Tibet and Xinjiang? Comrade Xiaoping has recovered Hong Kong. We must have a sense of urgency regarding the question of reunification. On the other hand, we should also guard against impatience. Jiang Zemin instructed: We must be tough as well as soft in handling the Taiwan issue. By being tough, we mean that we should adopt a tough stand internationally. It is impossible for us to allow Taiwan to join the United Nations. It is impossible for us to hold a summit meeting with Taiwan during the APEC period. By being soft, we mean that we should strengthen economic and trade cooperation as well as exchanges between the two shores. The other day, Jiang Zemin sent a telegram to Lee Teng-hui, congratulating him on his reelection as KMT chairman. The telegram called for speeding up economic cooperation and exchanges between the two shores.

The past three years have witnessed rapid development in cross-strait relations. The 14th KMT Congress succeeded

in winding up an inner-party reshuffle and infusing the KMT leadership with a group of vigorous and relatively young politicians. Recently, the Taiwan authorities made a major move, advocating Taiwan's "return to the United Nations." As a result of the reorganization of various political forces in Taiwan, the Democratic Progressive Party has gained new strength, whereas some former KMT politicians have deserted the party, setting up the New Party. In view of these recent developments, the CPC is worried that the Taiwan question will be internationalized and the pro-independence forces in Taiwan will expand.

The official mainland sources stated that there have not been any large-scale conferences since the "national conference of Taiwan affairs office directors" was held early last year. The CPC has now placed the "national conference on Taiwan affairs work" on its agenda. Originally, the CPC planned to hold the conference after the upcoming Third Plenary Session of the 14th CPC Central Committee concludes in the fourth quarter of this year. The conference will probably be held earlier, however, due to recent developments in cross-strait relations. The conference will try to unify understanding of the central policy toward Taiwan among the Taiwan affairs departments at all levels, to introduce the supreme central leading body in charge of the Taiwan affairs work to these departments, and to publicize Jiang Zemin's dominant role in the Taiwan affairs work.

'Sources': Deng's Son Hopes To Visit Taiwan

OW3008224593 Tokyo KYODO in English 1449 GMT
30 Aug 93

[Text] Beijing, Aug. 30 KYODO—The son of China's paramount leader Deng Xiaoping has told a Taiwanese legislator that he hopes to visit Taiwan as a representative of a nongovernmental group from Mainland China. Taiwanese sources in Beijing said Monday [30 August].

Deng Pufang, director in chief of the China Welfare Fund for the Handicapped, voiced his hope last Thursday when he met in Beijing with Hsu Chung-hsiung, a member of Taiwan's legislative yuan [branch] and a key supporter of a Taiwanese group for handicapped people.

It is not the first time Deng's son has said he wants to visit Taiwan, but there has been no official reaction from the government in Taipei.

Minister Seeks Austrian Apology for Police Incident

OW2708223793 Taipei CNA in English 1343 GMT
27 Aug 93

[Text] Taipei, Aug. 27 (CNA)—Foreign Minister Chien Fu said he would take "one step after another" if Austrian police fail to respond to his demands for a written apology for detaining and manhandling a group of Taiwan tourists.

Chien made the remarks after talking with representatives of the group Friday [27 August] morning.

The representatives reported to Chien what happened during their "nightmarish" trip in Vienna on Aug. 19 when

one of their members was accused of using a fake MasterCard to buy a Rolex in a store near the famous opera house.

The incident resulted in 11 members of the group being strip-searched, interrogated, and detained for more than eight hours without food or water.

Chien repeated that he could not accept a statement by the Austrian Trade Delegation in Taipei which said that it only "regretted" the incident.

Chien said that in addition to asking Austrian police to give each of the 11 victims a written apology, the ministry will ask that the responsible police officers be disciplined.

Citibank and Mastercard agreed Thursday to give the tourists NT\$5 [new Taiwan dollars] million (US\$185,000) as part of the settlement for the incident. The tourists, in turn, announced they would donate the money to the ROC [Republic of China] Consumers Foundation and the ROC Travel Quality Assurance Association.

Citibank and Mastercard officials also promised to run ads to formally apologize to the tourist group. Citibank will also ask Eurocard in Austria to apologize in newspapers.

Citibank will also protest to the Austrian Trade Delegation and ask for an apology and compensation from the Austrian Government. It said any compensation would go to the Human Rights Association in Taiwan.

Austrian Police Apologize to Tourists

OW2808092093 Taipei CNA in English 0801 GMT
28 Aug 93

[Text] Taipei, Aug. 28 (CNA)—The Austrian police administration formally apologized for detaining and manhandling a group of Taiwan tourists earlier this month, a Foreign Ministry spokesman said Saturday [28 August].

"The ministry has received a letter from the head of the Austrian police administration apologizing for the incident," said Ouyang Jui-hsiung, director of the ministry's Information and Cultural Affairs Department.

Michael Sika said in his letter that he regretted the mistreatment and apologized for police wrongdoings.

Sika said he has ordered a thorough investigation of the case. As soon as the investigation is completed, Sika said he will inform all the victimized Taiwan tourists of the results.

He assured Taiwan that such an incident would not happen again.

Ouyang said the Ministry of Foreign Affairs was satisfied with Sika's apology and promises.

He added the group of tourists, who were taken into custody in Vienna on Aug. 19 after Austrian police mistakenly accused one of them of using a fake MasterCard, also agreed to accept Sika's written apology.

During their eight-hour detention, the tourists were strip-searched, interrogated and denied water and food.

Austria To Invite Tourists Back

*OW3008091793 Taipei CNA in English 0738 GMT
30 Aug 93*

[By C.L. Ou, Lilian Wu]

[Text] Vienna, Aug. 30 (CNA)—A Taiwan tourist group which was harassed by Austrian police earlier this month will be invited to visit Austria again, according to an Austrian trade delegation in Taipei official.

The official said the group will be accorded VIP treatment if they visit the country again. She added she would personally accompany them during the duration of their stay.

In addition to the VIP treatment, tourism officials would also like to present gifts to each member of the group, including a Vienna Philharmonic gold coin worth NT\$10,000 [new Taiwan dollars] (US\$370), and host a cocktail party for the tour group members.

She stressed that Austria attached great importance to Taiwan, noting that it is a potential market for its tourism business.

Nearly 3,000 Austrians visit Taiwan annually, mostly on business trips, while 40,000 Taiwan tourists visited the European country in 1992, she said.

The Taiwan group earlier flatly refused the invitation to revisit Austria, calling their vacation there a "nightmarish" experience. The nightmare began, they said, after a tour group member attempted to purchase a Rolex watch on Aug. 19.

The MasterCard he used, however, was misread by the service person and police arrested the entire tour group, thinking the tourists were involved with credit card fraud.

Eleven of the tourists were strip-searched, interrogated, and detained for more than eight hours without food and water.

The Austrian police administration formally apologized for mistakenly detaining and manhandling the group, and called for a complete investigation of the incident.

Economics Minister Chiang Meets Frankfurt Mayor

*OW3108092593 Taipei CNA in English 0753 GMT
31 Aug 93*

[Text] Bonn, Aug. 30 (CNA)—Republic of China (ROC)'s Minister of Economic Affairs P.K. Chiang met with Frankfurt Mayor Andreas Von Schoeler in the central German city Monday [31 August].

During their meeting, Von Schoeler welcomed Chiang to Frankfurt and gave him a tour of the city hall, which was flying a large ROC national flag in commemoration of Chiang's visit.

Both Schoeler and Chiang agreed the direct ROC-Germany flight which was inaugurated in early July, has had a positive influence on the economic relations between the two countries as well as promoted closer contacts among the two peoples.

Schoeler added he is dedicated to making Frankfurt an ideal place for Taiwan investors.

To this end, Schoeler said he will lead a 20-member delegation to Taipei in November to discuss bilateral investment opportunities.

Chiang later visited the Taipei Trade Office in Frankfurt and will meet with Germany's Economics Minister Guenther Rexrodt in Bonn on Tuesday.

New Zealand To End Taipei Trade Privileges in 1994

*OW3008162993 Taipei CNA in English 1357 GMT
30 Aug 93*

[By Y.C. Tsai]

[Text] Taipei, Aug. 30 (CNA)—Beginning Jan. 1 next year, Taiwan's exports to New Zealand will no longer enjoy preferential tariff treatment, the Board of Foreign Trade (BOFT) reported Monday [30 August].

The Wellington government's decision to exclude Taiwan from the Generalized System of Preferences (GSP) was originally set to take effect on Nov. 1, BOFT officials said, but New Zealand importers, who need more time to adjust to the change, asked their government for the postponement.

Under the GSP, which was enacted in 1972, developing countries were granted preferential export tariffs.

However, once a country's per capita gross national product (GNP) reaches 70 percent that of New Zealand's, it is no longer accorded the privilege.

Since 1986, 23 countries and areas including Greece, Guam, Hong Kong, Israel, Portugal, and Singapore have come off the GSP list.

Taiwan's per capita GNP totaled US\$9,146 in March 1992, or 78.75 percent of New Zealand's US\$11,614. It exported US\$220 million worth of products to New Zealand last year, including machinery, bicycles, sporting goods, and plastics.

Businesses To Make Efforts Into Japanese Market

*OW3008143893 Taipei CNA in English 1353 GMT
30 Aug 93*

[Text] Taipei, Aug. 30 (CNA)—Local businesses are set to rekindle their efforts to make major inroads into the Japanese market and help reduce Taiwan's US\$17 billion deficit to its northern neighbor.

The Taipei-based Coordinating Council on Sino-Japanese Business of Sales said Monday [30 August] that it will launch a series of activities starting in October to seek trade opportunities with Japanese firms.

The council is trying to take advantage of a strong yen and the decision of Prime Minister Morihiro Hosokawa to reduce Japan's huge trade surplus by increasing imports.

Koo Chen-fu, a leading businessman and chairman of the Chinese National Association of Industry & Commerce,

will also head a 200-member trade delegation to Japan next March—a follow-up to a May visit.

The delegation of manufacturers of stationery, gifts, sporting goods, lighting goods, furniture and mini-electronic home appliances will make sales presentations in Tokyo, Osaka, and Fukuoka.

A smaller delegation, led by Chairman Lu Chi-sheng of the Taiwan Association of Machinery Industry, will visit Japan in October to push machinery exports.

And the newly-established Sino-Japanese Economic and Trade Foundation, a civilian trade organization led by Koo, is actively preparing to launch its first operation. It will invite more than 2,000 civilian Japanese business and industrial leaders to visit Taiwan in October with an eye to improving commercial ties.

Two non-official economic groups in Japan—the Japan Federation of Economic Organizations, the Japan Chamber of Commerce and Industry—are also pushing for greater access of Taiwan products on the Japanese market. They are organizing a buy-Taiwan mission scheduled for next March.

Balance of Payments Registers 2d Quarter Deficit

*OW3108092893 Taipei CNA in English 0743 GMT
31 Aug 93*

[By Y.C. Tsai]

[Text] Taipei, Aug. 31 (CNA)—Taiwan registered an international payments deficit of U.S.\$672 million in the second quarter of 1993, the Central Bank of China (CBC) reported Tuesday [31 August].

The second quarter deficit was only the second time Taiwan posted a balance of payments deficit since 1980. The fourth quarter of 1992 saw the first deficit in the 13-year period.

Combined with Taiwan's first quarter payments surplus of U.S.\$533 million, the payments deficit still left the island U.S.\$139 million in the red in the first half of 1993.

CBC officials blamed the deficit on a slowdown in Taiwan's export growth, a substantial increase in imports, and increased spending on overseas travel.

Central Bank Governor Samuel Shieh urged people here not to overreact to the report, saying it's quite natural to have fluctuations in the balance of payments.

The balance of international payments is the record of a country's economic transactions with the rest of the world over a particular time period. It is typically divided into three accounts—current, capital, and official reserves.

In the current account, a broad measure of international financial flows including trade in goods and services as well as investment flows, the second quarter saw a surplus of U.S.\$1.35 billion, the lowest level since 1988 and a 28 percent decline from the same period last year.

The current account surplus came from the favorable balance of U.S.\$2.49 billion in merchandise trade and the deficit of U.S. \$1.14 billion in services trade and investment flows.

The ever-growing spending on outward travel and remittance, which totaled U.S.\$1.33 billion in the second quarter, was to blame for the decrease in current account surplus, the officials noted.

Taiwan enjoyed a total current account surplus of U.S.\$3.13 billion in the first six months of this year.

Capital outflow of non-financial institutions increased to U.S.\$1.72 billion in the second quarter, bringing the six-month period capital outflow to U.S.\$2.56 billion.

In terms of official reserves including overseas assets of the central bank and other domestic financial institutions, overseas liabilities of domestic banks have been pushed up to U.S.\$302 million in the second quarter as more manufacturers here turned to U.S. dollar loans to take advantage of their lower interest rates.

CBC Deputy Governor Chiu Cheng-hsiung, however, noted if the official reserves were only calculated using those of the central bank, Taiwan's balance of payments would remain in the black.

Hong Kong

Hong Kong XINHUA Chief Views Sino-UK Talks

HK3108063893 Hong Kong WEN WEI PO in Chinese
31 Aug 93 p 11

[Unattributed report: "Zhou Nan Says Whether Breakthrough Can Be Made In Sino-British Talks Depends on Efforts by Two Sides"]

[Text] Zhou Nan, director of XINHUA Hong Kong Branch who is currently attending a meeting in Beijing, said yesterday that the Chinese side has always been looking to make progress in the Sino-British talks. He emphasized that the key to a breakthrough made at the 10th round of Sino-British lies in the efforts of both sides. Director Zhou Nan continued that the panel meetings of the Preliminary Work Group [PWG] of the Preparatory Committee of the Hong Kong Special Administration Region to be held in early September, will only discuss work plans rather than substantial matters. He said that the stable economic situation in the interior is to Hong Kong's advantage.

Yesterday a correspondent asked Zhou Nan, who is attending a National People's Congress [NPC] Standing Committee meeting in Beijing, whether China expected any marked progress in the Sino-British talks on the arrangements for Hong Kong's 1994 and 1995 elections before the meeting of the foreign ministers of the two countries at the end of September. Zhou replied: "We have always been looking for progress made in the Sino-British talks but a breakthrough depends on the efforts made by both sides."

Zhou Nan, who is also deputy director of the PWG, said that the political and economic panel meetings of the PWG will only discuss future work plans rather than substantial matters. He continued: "After the panel meetings, the plenary session of the PWG scheduled for December will adopt the work plans discussed at the panel meetings. After adoption, the groups will hold substantial discussions in light of the work plans. For this reason, the upcoming PWG panel meetings will focus their discussions on plans rather than substantial issues."

Director Zhou Nan also said that China has achieved marked successes in rectifying the financial order. Vice Premier Zhu Rongji gave an account to the NPC Standing Committee of the successes attained in rectifying the financial order over the months. Zhou Nan stated that the country's economic situation is very good. We have put an end to the real estate craze of the past and the chaotic situation in financial management. The exchange rate for renminbi is rather reasonable; the peasants are paid for selling their farm produce; and the funds for the state's key construction projects are ensured. However, we need some time to resolve the question of inflation. Zhou predicted that the situation in the latter half of the year would be better than the first half and that next year would be better

than this year. He said that China's economic stability is to Hong Kong's advantage so Hong Kong people should rest assured.

Bao Xin 'Letter' Criticizes Civil Servant Policy Change

HK3108083093 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 34, 23 Aug 93 p 2

["Letter from Beijing" by Bao Xin (7637 0207): "Various Circles in Hong Kong Lash Out at Policy Allowing Expatriate Civil Servants To Switch to Local Terms of Employment"]

[Text] My brother:

I have been told by my friends and mass media reports in Hong Kong that the Hong Kong Government recently announced a new policy for switching expatriate civil servants to local employment terms which evoked a public outcry. Various social circles have continued to lash out at the Hong Kong Government for many days. Some local civil servants organizations are organizing further opposition action in an attempt to force the Hong Kong Government to shelve the new policy which was hastily dished out and has already come into force.

The new policy was announced suddenly by the Hong Kong Government on 30 July. It allows expatriate civil servants to apply to be employed on local terms if they have acquired British Dependent Territories Citizenship and have lived in Hong Kong for over seven years. If their applications are approved, their employment contracts can be renewed for another two and a half years on local terms. According to a Hong Kong Government official, switching officers with overseas agreements to local agreements officers by renewing their employment contracts for another two and a half years is only the "first step" in "changing the employment terms" for overseas contract civil servants. The Hong Kong Government is considering changing these expatriate civil servants from the employment terms of overseas contracts into the permanent and pensionable terms and changing their status from short-term contract-based employment to permanent employment. Civil servants employed under the permanent and pensionable system can remain in government posts until they reach the normal retirement age and can enjoy pensions after retirement.

The new policy is not only related to the changing employment conditions for overseas contract officers in the Hong Kong Government but is also related to a change in their status. That is, so long as an expatriate civil servant stays in Hong Kong for over seven years, he or she will be entitled to become a "local" by means of applying for British Dependent Territories Citizenship and can thus become a "local" civil servant. Thus, he or she will not be affected by the government's localization policy. According to the localization policy, after the employment contract of an expatriate civil servant expires, if his or her post can be taken by any competent local civil servants, he or she should be replaced by locals who are given preference in employment and promotion. According to the data

publicized by the Hong Kong Government, there are now 2,050 expatriate civil servants and 1,350 of them are contract employees. About 800 of them will be entitled to be naturalized into British Dependent Territories Citizens and be employed on local terms. The police and the legal department have the largest number of such expatriates. Moreover, overseas contract officers generally hold senior or higher posts in these departments. In the past it was believed that after these expatriate civil servants left the vacancies behind when their employment contracts expire, local civil servants would have the opportunity to be promoted but the new policy decision allowed the overseas contract officers to continue to hold the senior posts by means of "naturalization" and "localizing their status." This will inevitably obstruct the promotion of local civil servants.

As I know, public opinion in Hong Kong focused the criticisms and resentments against the Hong Kong Government's new policy mainly on two aspects.

First, the new policy changed the current civil service system and did not come into line with the provisions of the Sino-British Joint Declaration and the Hong Kong Basic Law on maintaining the employment system for existing civil servants except for the privileged treatment of foreign nationals. According to the current regulations, on being employed by the Hong Kong Government, a civil servant must first make clear his or her status as an expatriate or a local. If he or she is employed as an

expatriate, the employment terms must be overseas terms. The major system change made by the Hong Kong Government is a matter concerning transition and convergence and also concerning the stability of the civil service in Hong Kong. Of course, the Chinese side should have been consulted first before such a decision was made. However, the Hong Kong Government did not consult the Chinese side at all and did not even consult any local civil servant organizations. This was indeed astonishing.

Second, public opinion generally held that the new policy went against the principle and promise of civil service localization. The aim of "localization" should be to gradually reduce the number of expatriates holding posts in local government and switch the posts to local officers. It should not be to the contrary. Many people pointed out that the essence of "localization" should be to gradually replace senior expatriate officers with local Chinese officers in government. Mr Luk Woon-hang, chairman of the Local Senior Officers Association, pointed out that the move taken by the Hong Kong Government in fact cast aside the localization policy and inevitably seriously dampened the morale of the local civil servants.

On the other hand, the Hong Kong Government officials concerned are trying hard to defend and justify the new policy. In my opinion, it was unjustifiable for the Hong Kong Government to make such a major system change without regard to the Chinese side and the local civil service organizations.

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